



**BEDFORD**  
BOROUGH COUNCIL



# Statement of Accounts 2023/2024

Audited February 2025  
*Finance*

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## Narrative Report

### (a) Revenue Outturn Position

The Council has faced significant demand and cost pressures over the 2023/2024 financial year that have been reported to the Executive on a regular basis. These pressures mainly relate to demand for adult social care packages, home to school transport and temporary accommodation.

The Council has taken a number of actions throughout the year to manage the overspend including reviewing grants received and replacing General Fund spend where possible, continued scrutiny of all spend and opportunities to maximise efficiencies and ceasing all non-essential spend from supplies and other discretionary budgets. In addition the Council reviewed the available funding sources, removing revenue funding of capital schemes and replacing it with borrowing and reviewed contributions to and from reserves.

The revenue outturn for 2023/2024 for Bedford Borough Council is a net underspend of £0.174 million. The outturn reflects all expenditure incurred and income due and relevant year-end accounting entries, including transfers to and from reserves. The table below sets out the revenue outturn position for each Directorate, as reported to the Executive on 19 June 2024. This compares to a net revenue overspend in 2022/2023 of £2.269 million.

| Directorate                                | Net Budget<br>£ million | Net Outturn<br>£ million | Net Variance<br>£ million |
|--|-------------------------|--------------------------|---------------------------|
| Adults Services                            | 56.791                  | 61.157                   | 4.366                     |
| Children's Services                        | 44.671                  | 46.179                   | 1.508                     |
| Environment                                | 28.020                  | 26.732                   | (1.288)                   |
| Chief Executives                           | 4.074                   | 4.318                    | 0.244                     |
| Corporate Services                         | 21.306                  | 26.533                   | 5.227                     |
| Transformation                             | (0.497)                 | 0.248                    | 0.745                     |
| Finance                                    | 4.190                   | 3.212                    | (0.978)                   |
| Public Health                              | 0.000                   | 0.000                    | 0.000                     |
| <b>Operational Budgets</b>                 | <b>158.556</b>          | <b>168.380</b>           | <b>9.824</b>              |
| <b>Non Operational Budgets (Financing)</b> | <b>(0.106)</b>          | <b>(10.104)</b>          | <b>(9.998)</b>            |
| <b>Total Revenue Outturn</b>               | <b>158.450</b>          | <b>158.276</b>           | <b>(0.174)</b>            |
| <b>% of Total Net budget</b>               |                         |                          | <b>-0.1%</b>              |

The Operational Net Cost of the Council relates to the day to day spending / service areas of the Council. The outturn for Net Operational Cost is £168.380 million representing an overspend of £9.824 million; this is offset by an underspend of (£9.998 million) in relation to Non Operational Budgets. It should be noted that actions to mitigate emerging overspends resulted in budgets being centralised in the non-operational budgets which has artificially increased the overspend in operational services, and increased the non-operational budget underspend.

These amounts are subject to further adjustments that may arise following the completion of the financial statements closure and audit process.

The final budget for 2023/2024 was funded through Council Tax of £109.781 million, retained business rates of £41.732 million and Revenue Support Grant of £6.937 million.

### (b) General Fund

The Risk Assessment methodology has been undertaken to ensure that the recommended level of the General Fund Balance is appropriate and reflects the key issues facing the Council. There has been an initial review of Reserves as part of the 2023/2024 Outturn. As at the 31 March 2024 the General Fund stands at £11.183 million.

A risk assessment of the General Fund Balance has been undertaken as part of the 2023/2024 Outturn, which suggests that the reserve should be within the range of £12.0 - £14.0 million. The recommended range is higher than previously evaluated due to demand led pressures across the Authority. The General Fund as at 31 March 2024 stands at £0.817 million below the minimum risk assessed value. It is intended to increase the General Fund balance over the course of the MTFS period to bring it back within the risk assessed range.

### Earmarked Reserves

A full review of all reserves, both the General Fund and earmarked reserves, will be undertaken during 2024/2025 as part of the Medium Term Financial Strategy (MTFS) to consider whether the current balance is sufficient to manage the financial risks going forward given the financial position and this will include an assessment of the Council's financial resilience.

### (c) Capital Outturn

The Capital Outturn position in relation to the 2023/2024 Capital Programme is set out in the table below and shows a net overspend of £6.039m. This is due to some grants and contributions which are funding the expenditure not being received in 2023/2024, these amounts are expected in 2024/2025.

| Directorate                    | Budget<br>£ million | Outturn<br>£ million | Variance<br>£ million |
|--------------------------------|---------------------|----------------------|-----------------------|
| <b>Gross Expenditure</b>       |                     |                      |                       |
| Corporate Services             | 16.653              | 10.204               | (6.449)               |
| Transformation                 | 0.800               | 0.657                | (0.143)               |
| Children's Services            | 70.911              | 60.858               | (10.053)              |
| Environment                    | 39.073              | 34.233               | (4.840)               |
| New Strategies                 | 3.000               | 0.000                | (3.000)               |
| <b>Total Gross Expenditure</b> | <b>130.437</b>      | <b>105.951</b>       | <b>(24.486)</b>       |
| <b>Net Expenditure</b>         |                     |                      |                       |
| Corporate Services             | 10.027              | 3.972                | (6.055)               |
| Transformation                 | 0.297               | 0.000                | (0.297)               |
| Children's Services            | (0.825)             | 15.449               | 16.274                |
| Environment                    | 12.523              | 11.640               | (0.883)               |
| New Strategies                 | 3.000               | 0.000                | (3.000)               |
| <b>Total Net Expenditure</b>   | <b>25.022</b>       | <b>31.061</b>        | <b>6.039</b>          |

Scheme budgets are subject to challenge during the year. Directorates and Portfolio Holders meet to assess the progress of schemes and the need for funding to ensure that critical schemes are correctly profiled. The outcome of these reviews is reported to the Executive as an integral part of the capital programme review process.

Capital is funded from a number of sources, including capital grants, contributions from external parties and revenue budgets, capital receipts and borrowing.

The breakdown of the Council's movement in Capital Financing Requirement is shown in **Note 35 Capital Expenditure and Capital Financing**, which shows expenditure on a gross expenditure basis.

### (d) International Financial Reporting Standards (IFRS)

The Council is required to report its Statement of Accounts using International Financial Reporting Standards (IFRS) that follow a prescribed layout which is different from that reported during the year, and discussed in Section (b) shown above. **The Expenditure and Funding Analysis** sets out these differences.

Due to various statutory instruments the Council is required to charge amounts to council tax payers (via the General Fund), and exclude others. For example, the **Comprehensive Income and Expenditure Statement (CIES)** follows a prescribed format on where and how spend should be reported. This statement also includes a number of technical accounting entries (such as depreciation, pension fund adjustments, that are subsequently reversed out in the **Movement in Reserves Statement**.

## **(e) Highlight Commentary on Core Statements and Notes to the Accounts**

### **Expenditure and Funding Analysis**

*The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.*

The statement shows the net deficit on Provision of Services of £18.324 million, reducing the General Fund Balance to £38.585 million. This differs from the net expenditure shown in the CIES of £17.008 million. This difference comprises a number of technical accounting adjustments which the Council is required to make, including capital charges such as depreciation, actuarial pension adjustments and adjustments to the Collection Fund. A reconciliation of these adjustments is shown in **Note 9**.

### **Movement in Reserves Statement (MIRS)**

*The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (ie 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 authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year.*

During the year Usable Reserves, which are cash backed and readily available to support services, fell by £25.420 million across Revenue, Capital and Schools. The total General Fund Balance fell by £18.324 million and Capital Grants Unapplied also fell/ by £7.096 million.

In addition to this, Unusable Reserves rose by £72.529 million during the financial year. The most significant movement was the Capital Financing Requirement which saw an increase of £36.134 million. Movements in Unusable Reserves have no immediate impact on the current resources available to the Council, but can illustrate potential long term underlying financial resourcing position.

### **Comprehensive Income and Expenditure Statement (CIES)**

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

The net cost of services has increased by £12.859 million to a total of £197.522 million (£184.662 million in 2022/2023). The service level expenditure and income between years has increased by £50.706 million and £37.847 million respectively.

Financing and Investment net expenditure has decreased from £5.791 million in 2022/2023 to (£8.803) million for 2023/2024. This is mainly due to upward revaluations on Investment Property and Pooled Funds.

Other Comprehensive Income has decreased by £252.148 million largely due to a £264.971 million decrease in the re-measurement of the Pension Fund's net Defined benefits. This is offset with a larger gain on revaluation of the property, plant and equipment assets between years, £12.823 million (£17.021 million 2023/2024 compared to £4.198 million in 2022/2023).

## Balance Sheet

*The Balance Sheet summarises an authority's financial position at 31 March each year. In its top half it contains the assets and liabilities that it holds or has accrued with other parties. As local authorities do not have equity, the bottom half is comprised of reserves that show the disposition of an authority's net worth, falling into two categories (Usable & Unusable Reserves).*

The Balance Sheet reconciles the movement in Total Reserves (increase of £47.109 million) resulting in a closing position as at 31 March 2024 of £635.102 million. This movement creates a corresponding increase in the Net Assets held by the Council at 31 March 2024.

Property, Plant and Equipment increased by £70.476 million largely as a result of upward revaluations in the Council's operational property and land estate, and additions that more than offset depreciation in the year.

Long Term Investments (the Council's strategic treasury investments) increased in value by £0.250 million following a difficult year for equities and bond investors as interest rates rose. Cash & Cash Equivalents fell by £26.147 million as a result of lower levels of cash balances held and timing differences between income and expenditure within the capital programme.

There has been a £21.131 million reduction in Other Long Term Liabilities. Of this £21.092 million was a reduction to the net pension liability (£92.823 million 2022/2023 compared with £71.731 million in 2023/2024).

## Cash Flow Statement

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

This statement restates the Comprehensive Income & Expenditure Statement for cash items only, stripping out accruals and other items such as depreciation and pension fund charges. The 2023/2024 cash flow statement reiterates the reduction in the balance of cash and cash equivalents shown in the Balance Sheet. The movement is broken down into operating, investing and financing cash flows within **Notes 24, 25 and 26**.

The detailed notes highlight net cash outflows in respect of operating, financing and investing activities and as a result cash and cash equivalents levels fell.

## Collection Fund Statement

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

This statement represents the transactions of the Collection Fund, which is a statutory fund under the provisions of the Local Government Finance Acts 1988, 1992 and 2012. The fund covers all Council Tax and National Non-Domestic Rates collection in the Borough. The fund is accounted for as an agency arrangement with the Council Tax balances belonging to the billing authority and the major preceptors. The Non-Domestic Rates balances belong to the billing authority, Government and Fire Authority.

There was a surplus of £0.264 million during the year for Council Tax which included the payment of the brought forward surplus of £1.951 million to the major preceptors. After taking this payment into account there was a surplus of £2.215 million to be allocated out to the precepting authorities in 2024/2025.

After allowing for a prudent provision for appeals and uncollectable debts, National Non-Domestic Rates (NNDR) collection recorded a surplus of £1.407 million for the year. The surplus in addition to the surplus of £1.363 million brought forward from 2022/2023, resulting in a surplus of £2.769 million carried forward. Bedford Borough Council's share of the surplus is £1.358 million.

### **Bedfordshire Pension Fund Statement**

*Bedford Borough Council is the Administering Authority for Bedfordshire Pension Fund. Therefore, Bedfordshire Pension Fund's Statement of Accounts, including supporting disclosure notes, are required to be incorporated into the Bedford Borough Council's Statement of Accounts.*

The Fund looks after the current and future pension entitlements on behalf of over 200 employers including the three Unitary Councils (Bedford Borough Council, Central Bedfordshire Council and Luton Borough Council), and a number of other universities, colleges, academies and service providers.

The accounts show the Net Asset Statement and the Fund Account (equivalent to the Income and Expenditure Account) of the Pension Fund. The Accounts do not include the Fund's long term liabilities. The Pension Fund's assets on 31 March 2024 stood at £3.469 million (£3.014 million 31 March 2023) an increase of £455 million (15%) on the previous year, as explained in the Fund Account.

### **Annual Governance Statement**

*A statement of the governance responsibilities and controls in place within the Council.*

The Annual Governance Statement is a statutory document, which explains the processes and procedures in place to enable the Council to carry out its functions effectively. Regulation 6 (1) of the Accounts and Audit (England) Regulations 2015 requires all relevant bodies to prepare an Annual Governance Statement (AGS).

The AGS reports publicly on the effectiveness of governance and internal control arrangements and how the Council has complied with its Local Code of Corporate Governance, including how it monitors effectiveness. The Governance Framework has been in place at Bedford Borough Council for the year ended 31 March 2024 and up to the date of approval of the annual statement of accounts.

The Council has approved and adopted its Local Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance & Accountancy (CIPFA) and Society of Local Authority Chief Executive's (SOLACE) Framework Delivering Good Governance in Local Government Guidance Notes for English Authorities 2016. The Council's Local Code of Governance sets out the principles of good governance and describes the arrangements the Council has put in place to meet each of these principles:





The governance framework comprises the systems and processes, culture and values, by which the Council directs and controls its activities, and how it leads, engages with and accounts to the community it serves.

The Annual Governance Statement assesses the governance arrangements in place and makes recommendations to improve controls and processes where weaknesses were identified. For 2023/2024 recommendations were made in relation to Contract Management and Monitoring, Recruitment Retention and Capacity, Information Governance, Asset Maintenance and Conflicts declarations.

## Non-Financial Performance

### Introduction

All services use data, performance measures, analysis and business intelligence to support the provision and development of services, this includes customer feedback and perception provided through the Council's consultation, complaints and community engagement processes.

### Corporate Plan

The Corporate Plan 2022-2026 entitled 'Together Bedford Borough' focuses on Place, People, and Communities. The Executive received a report monitoring against this Corporate Plan in September 2023.

Following the local elections in May 2023, a change of administration took place at Bedford Borough Council. The Executive considered at its meeting on 18 October 2023 a draft Corporate Plan for 2024/2025 to 2027/2028.

The emerging priorities are:

- Supporting our families and the vulnerable
- Protecting the environment
- Stimulating economic growth
- Promoting health and wellbeing

The Peer Review recommended a delay in finalising the corporate plan to allow for more engagement with partners and stake holders. The consultation closes on the 28 June 2024. All responses will be considered prior to the adoption of the new Corporate Plan, which is likely to be in the Autumn of 2024.

The Council's ongoing Transformation Programme is aligned with the Council's Corporate Plan 2022-2026. The Transformation Programme sets out the changes to the operating model in relation to support and enabling activities and strategic core activities. How these are organised (structures), delivered (commissioned / procured) and process re-engineered (digital operating model) will reduce the cost of delivery.

Supporting the Corporate Plan requires a clear Performance Management Reporting Framework that will provide an overview of how the Council is performing for residents and businesses. The key measures that underpin the Corporate Plan and support day-to-day business consider the following factors around what makes a good indicator:

- Clearly linked to the strategy enabling an assessment about whether it is likely to succeed;
- Clear definition and articulation so what is being measured and what is good performance is easily understandable;
- Clarity on why the measure matters in terms of progress toward a specific strategic objective;
- Recognition that perception is important as it tracks how people feel regardless of the underlying performance;
- Trends are as valuable as absolutes indicating the direction of travel as an indication of the progress being made and assessment of the forward look;
- Measures may evolve over time - as a living plan we should expect the key measures to change as we progress; and
- Measures may be outside the control of the Council - for example relating to the performance of an overall system where we are dependent on working with others.

### ***Performance Management Arrangements***

The Council (the Mayor, Portfolio Holders, Members and Officers) monitor key performance indicators on a regular basis, including through various fora such as the Mayor's monthly and quarterly performance meetings, Executive, Corporate Leadership Team, Performance Clinics, Overview & Scrutiny Committees, Senior Leadership and Management Teams, and the Health and Wellbeing Board. Performance management is used to improve services for local communities. The Mayor, Portfolio Holders, Members and Officers use this process to drive continuous improvement to help increase efficiency. Performance management is also used to ensure policy decisions are being implemented and that customers are receiving the standard of service they expect at a cost that represents good value for money.

Bedford Borough Council follows the sector-led approach to deliver effective performance management and accountability and therefore our emphasis is primarily focused on outcomes.

The Council places a high emphasis on ensuring that there are robust systems for collecting and processing performance information, and to ensure these systems meet data quality standards. These standards are important for the quality of Council decision-making and for sharing information with residents, service users, local partners, and other local authorities. We are aware that poor data quality compromises the information available to decision makers and compromises the quality of the decisions they make.

Bedford Borough Council's approach to performance management is designed to be transparent, rigorous, and consistent to actively support the delivery and improvement of services and efficiency. The success of this approach to performance management is demonstrated through the improvements in services and outcomes for the people of Bedford Borough within the confines of the reducing resources and service pressures (including ongoing implications of the pandemic) we continue to face.

### ***Summary***

To be updated after the performance indicators are agreed the Executive on the 19 June 2024.

## Statement of Responsibilities for the Statement of Accounts

### The Council's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. At Bedford Borough Council that officer is the Assistant Chief Executive (Finance) & Chief Finance Officer.
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

### The Assistant Chief Executive (Finance) & Chief Finance Officer's Responsibilities

The Assistant Chief Executive (Finance) & Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper accounting 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 Assistant Chief Executive (Finance) & Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

The Assistant Chief Executive (Finance) & Chief Finance Officer has also:

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

### Certification

This statement of accounts presents a true and fair view of the financial position of Bedford Borough Council at 31 March 2024 and income and expenditure for the year ended 31 March 2024.

Signed: 

Date: 28 February 2025

**Julie McCabe, Assistant Chief Executive (Finance) & Chief Finance Officer**

### Approval

I confirm that the Statement of Accounts was approved by the Audit Committee at its meeting on 20 February 2025.

Signed: 

Date: 28 February 2025

**Chair of Audit Committee**

## Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure as funded from taxation (council tax, business rates and general government grants) is used by the authority in comparison with those resources consumed or earned by the authority in accordance with generally accepted accounting practices. It shows how this expenditure is allocated for decision making purposes between the Council's directorates also. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

| 2022/23  |             |   | 2023/24   |             |   |           |
|--|-------------|---|---|-------------|---|-----------|
| Net Expenditure Chargeable to the General Fund Balance | Adjustments | Net Expenditure in the Comprehensive Income and Expenditure Statement | Net Expenditure Chargeable to the General Fund Balance                                      | Adjustments | Net Expenditure in the Comprehensive Income and Expenditure Statement |           |
| £000   | £000        | £000  | £000  | £000        | £000  |           |
| 55,536   | (820)       | 54,716  | Adults Services   | 63,378      | (1,544)   | 61,834    |
| 43,238   | 2,782       | 46,020  | Childrens Services  | 50,159      | (648)   | 49,510    |
| 4,783  | (171)       | 4,612   | Chief Executives  | 5,028       | (335)   | 4,693     |
| 8,228  | 22,622      | 30,851  | Corporate Services  | 7,994       | 30,043  | 38,037    |
| 33,914   | 8,747       | 42,661  | Environment   | 29,744      | 6,419   | 36,163    |
| 3,509  | (254)       | 3,255   | Finance   | 4,360       | (538)   | 3,822     |
| 7,218  | (5,591)     | 1,627   | Financing   | 10,575      | (8,892)   | 1,684     |
| (736)  | (152)       | (889)   | Public Health   | 411         | (184)   | 227       |
| 2,772  | (965)       | 1,808   | Transformation  | 2,237       | (685)   | 1,552     |
| 158,463  | 26,199      | 184,662   | Net Cost of Services  | 173,885     | 23,636  | 197,522   |
| (145,759)  | (30,678)    | (176,436)   | Other (Income) and Expenditure  | (155,561)   | (58,969)  | (214,530) |
| 12,705   | (4,479)     | 8,226   | (Surplus) or Deficit on Provision of Services   | 18,324      | (35,333)  | (17,008)  |
| (69,616)   |             |   | Opening Combined General Fund Balance   | (56,912)    |   |           |
| 12,705   |             |   | Plus / less (Surplus) or Deficit on the General Fund Balance for the Year (Statutory basis) | 18,324      |   |           |
| (56,912)   |             |   | Closing Combined General Fund Balance   | (38,587)    |   |           |

The Expenditure and Funding Analysis is not a primary statement but a note to the financial statements, however, it is positioned here as it provides a link from the figures reported in the Strategic Report to the CIES.



## Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure 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 (or rents). Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

| 2022/23  |           |           | 2023/24   |         |           |           |
|--|-----------|-----------|---|---------|-----------|-----------|
| Expenditure  | Income    | Net       | Expenditure   | Income  | Net       |           |
| £000   | £000      | £000      | £000  | £000    | £000      |           |
| 90,507   | (35,791)  | 54,716    | Adults Services   | 106,130 | (44,297)  | 61,834    |
| 177,003  | (130,982) | 46,020    | Childrens Services  | 199,173 | (149,663) | 49,510    |
| 5,026  | (413)     | 4,612     | Chief Executives  | 5,188   | (495)     | 4,693     |
| 80,139   | (49,288)  | 30,851    | Corporate Services  | 96,431  | (58,395)  | 38,037    |
| 65,367   | (22,706)  | 42,661    | Environment   | 61,898  | (25,735)  | 36,163    |
| 5,860  | (2,605)   | 3,255     | Finance   | 6,590   | (2,768)   | 3,822     |
| 3,706  | (2,079)   | 1,627     | Financing   | 3,689   | (2,005)   | 1,684     |
| 10,059   | (10,948)  | (889)     | Public Health   | 9,529   | (9,302)   | 227       |
| 1,808  | 0         | 1,808     | Transformation  | 1,552   | 0         | 1,552     |
| 439,474  | (254,812) | 184,662   | Cost of Services  | 490,180 | (292,659) | 197,522   |
| 4,396  | 0         | 4,396     | Other Operating Expenditure (Note11)                      | 10,546  | 0         | 10,546    |
| 27,667   | (21,877)  | 5,791     | Financing and Investment Income and Expenditure (Note 12) | 32,586  | (41,389)  | (8,803)   |
| 0  | (186,623) | (186,623) | Taxation and Non-Specific Grant Income (Note 13)          | 0       | (216,272) | (216,272) |
| 471,537  | (463,311) | 8,226     | (Surplus) or Deficit on Provision of Services             | 533,312 | (550,320) | (17,008)  |
| (4,198) (Surplus) or deficit on revaluation of Property, Plant and Equipment (Note 23) |           |           | (17,021)  |         |           |           |
| (278,051) Remeasurement of the net defined benefit liability / asset (Note 39)         |           |           | (13,080)  |         |           |           |
| (282,249) Other Comprehensive (Income) and Expenditure                                 |           |           | (30,101)  |         |           |           |
| (274,023) Total Comprehensive (Income) and Expenditure                                 |           |           | (47,109)  |         |           |           |

## Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (ie 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 authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

|  | General<br>Fund<br>Balance<br>£000 | Earmarked<br>General<br>Fund<br>Reserves<br>£000 | Total General<br>Fund Balance<br>£000 | Capital<br>Receipts<br>Reserve<br>£000 | Capital<br>Grants Un-<br>applied<br>Account<br>£000 | Total Usable<br>Reserves<br>£000 | Unusable<br>Reserves<br>£000 | Total Reserves<br>£000 |
|--|------------------------------------|--|---------------------------------------|--|---|----------------------------------|------------------------------|------------------------|
| <b>Balance at 31 March 2023</b>  | <b>(10,076)</b>                    | <b>(46,835)</b>                                  | <b>(56,909)</b>                       | <b>0</b>                               | <b>(20,635)</b>                                     | <b>(77,545)</b>                  | <b>(510,446)</b>             | <b>(587,992)</b>       |
| <b>Movement in reserves during 2023/24</b>                               |                                    |  |                                       |  |   |                                  |                              |                        |
| (Surplus) or deficit on the provision of services                        | (17,008)                           | 0  | (17,008)                              |  |   | (17,008)                         |                              | (17,008)               |
| Other Comprehensive Income / Expenditure                                 |                                    |  |                                       |  |   |                                  | (30,101)                     | (30,101)               |
| <b>Total Comprehensive Income and Expenditure</b>                        | <b>(17,008)</b>                    | <b>0</b>   | <b>(17,008)</b>                       | <b>0</b>                               | <b>0</b>  | <b>(17,008)</b>                  | <b>(30,101)</b>              | <b>(47,109)</b>        |
| Adjustments between accounting basis and funding basis under regulations | 35,333                             |  | 35,333                                |  | 7,096   | 42,429                           | (42,429)                     | 0                      |
| <b>Net (Increase) or Decrease before Transfers to Earmarked Reserves</b> | <b>18,324</b>                      | <b>0</b>   | <b>18,324</b>                         | <b>0</b>                               | <b>7,096</b>  | <b>25,420</b>                    | <b>(72,529)</b>              | <b>(47,109)</b>        |
| Transfers to / from Earmarked Reserves                                   | (19,432)                           | 19,432   | 0                                     |  |   | 0                                |                              | 0                      |
| <b>(Increase) or Decrease in 2023/24</b>                                 | <b>(1,108)</b>                     | <b>19,432</b>                                    | <b>18,324</b>                         | <b>0</b>                               | <b>7,096</b>  | <b>25,420</b>                    | <b>(72,529)</b>              | <b>(47,109)</b>        |
| <b>Balance at 31 March 2024</b>  | <b>(11,183)</b>                    | <b>(27,403)</b>                                  | <b>(38,585)</b>                       | <b>0</b>                               | <b>(13,540)</b>                                     | <b>(52,126)</b>                  | <b>(582,974)</b>             | <b>(635,102)</b>       |
|  | Note 10                            |  |                                       | Note 22                                |   | Note 23                          |                              |                        |

|  | General<br>Fund<br>Balance<br>£000 | Earmarked<br>General<br>Fund<br>Reserves<br>£000 | Total General<br>Fund Balance<br>£000 | Capital<br>Receipts<br>Reserve<br>£000 | Capital<br>Grants Un-<br>applied<br>Account<br>£000 | Total Usable<br>Reserves<br>£000 | Unusable<br>Reserves<br>£000 | Total Reserves<br>£000 |
|--|------------------------------------|--|---------------------------------------|--|---|----------------------------------|------------------------------|------------------------|
| <b>Balance at 31 March 2022</b>  | <b>(17,675)</b>                    | <b>(51,940)</b>                                  | <b>(69,615)</b>                       | <b>0</b>                               | <b>(21,875)</b>                                     | <b>(91,491)</b>                  | <b>(222,478)</b>             | <b>(313,969)</b>       |
| <b>Movement in reserves during 2022/23</b>                               |                                    |  |                                       |  |   |                                  |                              |                        |
| (Surplus) or deficit on the provision of services                        | 8,226                              | 0  | 8,226                                 |  |   | 8,226                            |                              | 8,226                  |
| Other Comprehensive Income / Expenditure                                 |                                    |  |                                       |  |   |                                  | (282,249)                    | (282,249)              |
| <b>Total Comprehensive Income and Expenditure</b>                        | <b>8,226</b>                       | <b>0</b>   | <b>8,226</b>                          | <b>0</b>                               | <b>0</b>  | <b>8,226</b>                     | <b>(282,249)</b>             | <b>(274,023)</b>       |
| Adjustments between accounting basis and funding basis under regulations | 4,479                              |  | 4,479                                 |  | 1,240   | 5,719                            | (5,719)                      | 0                      |
| <b>Net (Increase) or Decrease before Transfers to Earmarked Reserves</b> | <b>12,705</b>                      | <b>0</b>   | <b>12,705</b>                         | <b>0</b>                               | <b>1,240</b>  | <b>13,945</b>                    | <b>(287,968)</b>             | <b>(274,023)</b>       |
| Transfers to / from Earmarked Reserves                                   | (5,105)                            | 5,105  | 0                                     |  |   | 0                                |                              | 0                      |
| <b>(Increase) or Decrease in 2022/23</b>                                 | <b>7,600</b>                       | <b>5,105</b>                                     | <b>12,705</b>                         | <b>0</b>                               | <b>1,240</b>  | <b>13,945</b>                    | <b>(287,968)</b>             | <b>(274,023)</b>       |
| <b>Balance at 31 March 2023</b>  | <b>(10,076)</b>                    | <b>(46,835)</b>                                  | <b>(56,910)</b>                       | <b>0</b>                               | <b>(20,636)</b>                                     | <b>(77,547)</b>                  | <b>(510,446)</b>             | <b>(587,993)</b>       |
|  | Note 10                            |  |                                       | Note 22                                |   | Note 23                          |                              |                        |

## Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves Statements that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.

| 31 March 2023    |  | Note Ref | 31 March 2024    |
|------------------|--|----------|------------------|
| £000             |  |          |                  |
| 657,548          | Property, Plant and Equipment                    | 14       | 728,024          |
| 6,554            | Heritage Assets                                  | 43       | 6,554            |
| 73,723           | Investment Property                              | 15       | 85,532           |
| 7,661            | Intangible Assets                                | 16       | 6,195            |
| 33,203           | Long-Term Investments                            | 17       | 33,453           |
| 1,600            | Long-Term Debtors                                | 17A      | 7,181            |
| <b>780,289</b>   | <b>Long Term Assets</b>                          |          | <b>866,939</b>   |
| 11,114           | Short Term Investments                           | 17A      | 0                |
| 7,834            | Current Assets Held for Sale Investment Property | 15       | 0                |
| 35,388           | Short-Term Debtors                               | 18       | 52,440           |
| 28,574           | Cash and Cash Equivalents                        | 19       | 2,427            |
| <b>82,910</b>    | <b>Current Assets</b>                            |          | <b>54,867</b>    |
| (5,351)          | Short-Term Borrowing                             | 17A      | (35,075)         |
| (71,997)         | Short-Term Creditors                             | 20A      | (75,635)         |
| (8,491)          | Provisions                                       | 21       | (5,871)          |
| <b>(85,839)</b>  | <b>Current Liabilities</b>                       |          | <b>(116,581)</b> |
| (2,463)          | Provisions                                       | 21       | (2,415)          |
| (54,886)         | Long-Term Borrowing                              | 17       | (53,202)         |
| (104,149)        | Other Long-Term Liabilities                      | 20B      | (83,018)         |
| (27,871)         | Grants Receipts in Advance - Capital             | 33       | (31,489)         |
| <b>(189,369)</b> | <b>Long Term Liabilities</b>                     |          | <b>(170,124)</b> |
| <b>587,992</b>   | <b>Net Assets</b>                                |          | <b>635,102</b>   |
| (77,547)         | Usable Reserves                                  | 10 & 22  | (52,126)         |
| (510,445)        | Unusable Reserves                                | 23       | (582,975)        |
| <b>(587,992)</b> | <b>Total Reserves</b>                            |          | <b>(635,101)</b> |

I certify that the Balance Sheet represents a true and fair view of the Authority's financial position as at 31 March 2024.

Signed: *Julie McCabe*

Date: 28 February 2025

Julie McCabe, Assistant Chief Executive (Finance) & Chief Finance Officer



## Cash Flow Statement

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

| 2022/23       |   | 2023/24       |
|---------------|---|---------------|
| £000          |   |               |
| 8,226         | Net (surplus) or deficit on the provision of services   | (17,008)      |
| (24,785)      | Adjustment to surplus or deficit on the provision of services for noncash movements   | 12,142        |
| 17,697        | Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities | 41,135        |
| <b>1,138</b>  | <b>Net cash flows from operating activities</b>   | <b>36,269</b> |
| 15,889        | Net cash flows from investing activities  | 15,371        |
| 3,059         | Net cash flows from financing activities  | (25,495)      |
| <b>20,086</b> | <b>Net (increase) or decrease in cash and cash equivalents</b>  | <b>26,146</b> |
| 48,663        | Cash and cash equivalents at the beginning of the reporting period  | 28,574        |
| <b>28,577</b> | <b>Cash and cash equivalents at the end of the reporting period</b>   | <b>2,428</b>  |

The cash flow movements above are broken down into detail disclosure notes identifying operating, investing and financing activities within **Notes 24, 25 and 26**

## Note 1 - Accounting Policies

### A GENERAL

The Statement of Accounts summarises the authority's transactions for the 2023/2024 financial year and its position at the year-end of 31 March 2024. The authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/2024, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

### B ACCOUNTING CONCEPTS

In general, the accounts are prepared on the basis of historical cost modified by the revaluation of land, buildings, vehicles and plant subject to and in accordance with the fundamental accounting concepts set out below:

#### Relevance

The accounts are prepared to provide readers with information about the Council's financial performance and position that is useful for assessing the stewardship of public funds.

#### Reliability

The accounts are prepared on the basis that the financial information contained in them is reliable, i.e. they are free from material error, systematic bias, complete within the bounds of materiality and represent faithfully what they intend to represent. Where there is uncertainty in measuring or recognising the existence of assets, liabilities, income and expenditure then caution and prudence has been used as a basis to inform the selection and application of accounting policies and estimation techniques.

#### Comparability

The accounts are prepared to enable comparison between financial periods as far as possible. To aid comparability the Council has applied its accounting policies consistently both during the year and between years.

#### Understandability

Every effort has been made to make the accounts as easy to understand as possible. Nevertheless, an assumption has been made that the reader will have a reasonable knowledge of accounting and local government. Where the use of technical terms has been unavoidable an explanation has been provided in the glossary of terms.

#### Materiality

Certain information may be excluded from the accounts on the basis that the amounts involved are not material either to the fair presentation of the financial position and transactions of the Council or to the understanding of the accounts.

## Accruals

With the exception of the Cash Flow Statement, the accounts are prepared on an accrual's basis. The accruals basis of accounting requires the non-cash effect of transactions to be reflected in the accounts for the year in which those effects are experienced and not in the year in which the cash is actually received or paid.

## Going Concern

The CIPFA Code of Practice on Local Authority Accounting confirms that the local authority accounts must be prepared on a going concern basis; that is, on the assumption that the functions of the Council will continue in operational existence for 12 months from the date that the accounts are authorised for issue. Furthermore, the Code requires that local authorities prepare their accounts on a going concern basis, as they can only be discontinued under statutory prescription. For these reasons, the Council does not consider that there is material uncertainty in respect of its ability to continue as a going concern for 12 months from the date of the approval of the accounts and therefore the accounts have been prepared on an ongoing basis.

In forming the conclusion that it is appropriate for the accounts to be prepared on a going concern for the period to 31 March 2024, the Council has carried out, and continues to undertake, detailed assessment of its financial position and performance during 2024/2025 and beyond. This includes consideration of:

- Loss of income due to temporary closures, reductions in demand, and the increased collection losses, being given consideration on a service and department basis.
- Additional expenditure incurred on a service by service basis, e.g. provision of new and expanded services in response to the crisis (such as additional costs relating to temporary accommodation for the homeless), and additional costs associated with changes to working practices (such as remote working).
- Incorporating all changes to government policy, e.g. changes to business rate reliefs, guidance on supplier relief, additional funding for local authorities, and additional responsibilities which then sit alongside this.
- The impact on the Council's capital programme, e.g. whether there is a need to rephase work, including where delays are as a result of government restrictions.
- The impact of all of the above on the Council's cash flow and treasury management, including availability of liquid cash, impact on investment returns, and availability of external borrowing if required.
- The estimated overall impact on the Council's General Fund Reserves.

The Medium-Term Financial Strategy (MTFS), the Council's key financial planning document sets out the strategic approach to the management of its finances and Council Tax levels over the medium term, thereby allowing sufficient lead time to develop services consistent with the forecast resource envelope. As part of the MTFS process the Council considers a range of scenarios that may impact upon its medium term forecast position; the report sets out the following risks that inform these scenarios, these being economic, demand led, climate change and funding risks. These, in turn, provide four reported scenarios being optimistic, pessimistic, negative economic view and the central case (this is the position that is utilised as the benchmark level).

The General Fund balance is considered as part of the MTFS as it relates to financial resilience and is therefore consistent with the purpose of the MTFS, i.e. there is a relationship with regard the risks faced by the Council and the level of balances needed to cover such risks.

The Council undertakes cash flow forecasting and assesses the adequacy of liquidity regularly. The current projection through to 31 March 2025 shows a negative cash position throughout the Going Concern period.

Projections in the Treasury Management Strategy Statement, approved by Full Council 2024, indicate a need for short-term in-year borrowing throughout 2024/2025 and through to 2029/2030 in order to sustain current long-term investments and sufficient liquidity for operational activity. Short Term borrowing may be sourced from other local authorities or from the PWLB. On 31 May 2024 there was £92.716 million headroom between actual borrowing of £102.284 million and the Capital Financing Requirement (CFR) forecast for 31 March 2025 of £195 million. In addition to this the Council's Operational Boundary and Authorised Borrowing Limit is £170 million and £160 million respectively which gives sufficient headroom to borrow should it be required.

By way of further context, the General Fund Balance as of 31 March 2024 stood at £11.183 million, below the risk assessed minimum level. As reported to Full Council in March 2024 as part of the MTFS update, it is intended to increase the General Fund over the course of the MTFS period to bring it back within the risk assessed range. The Council also holds earmarked reserve balances of £19.1 million (excluding Schools, Public Health, and other ring-fenced reserves), which could be called upon if necessary. The General Fund balance is projected to be £11.183 million on 31 March 2025, and earmarked reserve balances that could be called upon are forecast to be £8.0 million. These forecasts assume the revenue budget is balanced during 2024/2025. Any resulting overspend will therefore have a detrimental impact on the level of reserves and cash flow.

Therefore, there is sufficient headroom within the General Fund and other Earmarked Reserves to provide financial resilience over the going concern period to 31 March 2025.

## **C ACCRUALS OF INCOME AND EXPENDITURE**

Activity is accounted for in the year that 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 are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made. No accrual will be made for flexi leave, maternity leave or sickness, if the amounts are deemed immaterial.
- Interest receivable on investments and payable on borrowings 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 the 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 debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

## **D ACQUIRED AND DISCONTINUED OPERATIONS**

Income and expenditure directly related to acquired and discontinued operations, when material, are shown separately on the face of the Comprehensive Income and Expenditure Statements (CIES).



## **E AGENCY AND PRINCIPAL**

In presenting income and expenditure, the Council takes a view as to whether the income and expenditure it incurs is on an Agency basis or a Principal basis.

Agency basis is where the Council incurs income and expenditure on behalf of a third party, usually due to statutory rules and regulations. An example is the collection of Council Tax on behalf of the Police & Crime Commissioner for Bedfordshire and the Bedfordshire Fire & Rescue Authority.

Principal basis is where the Council incurs income and expenditure on behalf of a third party, but under contract and where risks and rewards are taken. An example is the provision of social care on behalf of other authorities under a Service Level Agreement.

## **F CASH AND CASH EQUIVALENTS**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 28 days or less from the Balance Sheet date 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.

## **G PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

### **Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the payment of a negotiated settlement or the payment of compensation.

Existing provisions are reviewed annually alongside consideration for new provisions. They reflect the best estimate when the accounts are prepared. Provisions are charged as an expense to the appropriate service line in the CIES in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. 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 Council settles the obligation.

Provisions are classified on the Balance Sheet as short term (due to be settled within 12 months of the financial year end) or long term (due to be settled over 12 months of the financial year end). For long term provisions where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The unwinding of the discount due to the passage of time is recognised as interest within Surplus or Deficit on the Provision of services.

## 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 where it is probable that there will be an inflow of economic benefits or service potential.

## 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 a note to the accounts.

## H EVENTS AFTER THE BALANCE SHEET DATE

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

- those that provide evidence of conditions that existed at the end of the reporting period. For these, the Statement of Accounts is adjusted to reflect such events;
- those that are indicative of conditions that arose after the reporting period. For these, 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.

## I EXCEPTIONAL ITEMS

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

## J FAIR VALUE MEASUREMENT

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

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

The authority 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 authority takes into account a market participant's 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 authority 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 authority's financial statements are categorised within the fair value hierarchy, as follows:

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

## **K FINANCIAL INSTRUMENTS**

### **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value 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.

For most of the borrowings that the authority 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 authority 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 Instruments 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 cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI). The Council has no Financial Assets in the category.

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (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 authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (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 authority, 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.

When soft loans are made (loans at less than market rates), a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where the value of soft loans is considered immaterial, this guidance is not followed, and the amounts recorded in the balance sheet reflect the cash amounts.

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

## Expected Credit Loss Model

The authority recognises expected credit losses on all 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 authority.

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

## Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services. Statutory provisions (ending 31 March 2025) require fair value movements in pooled investment funds to be taken to a separate unusable reserve instead of the General Fund. This is managed by a transfer to or from the usable reserve in the Movement in Reserves Statement.

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

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

## **L FINANCIAL GUARANTEES**

The Council may give financial guarantees requiring payments to be made to reimburse the holder of a debt if a debtor fails to make a payment when due in accordance with the terms of a contract. Where these guarantees are given, they are to be included in the accounts at fair value. Where guarantees are given to unrelated parties, the fair value is the premium received unless that sum does not represent a reliable estimate of the fair value. Where no premium is received the fair value of the guarantee is estimated by assessing the likelihood of the guarantee being called against the likely amount payable.

At 31 March 2024 the Council had given no financial guarantees but may do so in the future.

## **M 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 all terms and conditions attached to the grant or contributions have been satisfied.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors for revenue grants and contributions or capital grants receipts in advance for capital grants and contributions. 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-ring-fenced 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 Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where the grant has been used to finance capital expenditure, 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 in the Movement in Reserves Statement.

## **Community Infrastructure Levy**

The authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the authority) with appropriate planning consent. The council charges for and collects the levy, which is a planning charge. The income from the levy will

be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges may be used to fund revenue expenditure.

## **N INTANGIBLE ASSETS**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) are capitalised (above a de minimis limit of £4,000 for schools and £10,000 for non-schools) when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council. Intangible Assets are amortised to the relevant service line(s) in the CIES over the economic life of the asset (between 5 and 10 years).

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the CIES. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

When Intangible assets are amortised to zero, it will be assumed there is no existing operational use for the asset, unless there is evidence to the contrary. The Gross Book Value and Accumulated Amortisation will be treated as a disposal and removed from the Fixed Asset Register.

## **O INTERESTS IN COMPANIES AND OTHER ENTITIES**

The Council has an interest in a wholly owned private housing development company called Benedict Bedford Limited (BBL). The Council's main objective for creating the company is to generate a financial return to the Council by operating a commercial enterprise to develop underutilised and surplus land assets to generate value. There was no activity undertaken by BBL during the year and it did not have any assets or liabilities on 31 March 2024. Therefore, Group Accounts are not required.

## Trust Funds

The main funds for which the Council acts as sole trustee are listed in **Note 44**. Group Accounts have not been prepared as these interests are not considered material.

## P INVENTORIES AND LONG TERM CONTRACTS

Inventories are to be included in the Balance Sheet at the lower of cost and net realisable value where they are material. The Council does not hold any material values of inventories, instead values are expensed to the Surplus of Deficit on the Provision of Services.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

## Q HERITAGE ASSETS

Heritage assets are assets that are held by the authority principally for their contribution to knowledge or culture.

Heritage assets are measured at valuation in the balance sheet where practical and material but are otherwise disclosed by means of narrative. There is no depreciation charged on the heritage assets because it has been estimated that the assets have a useful life of such length that any depreciation charge on the asset will be negligible and can be ignored on the basis of materiality.

Civic Regalia and Art Museum artefacts have been valued on the basis of the last insurance valuation.

Statues and Memorials, Heritage Properties (e.g. Bromham Mills, Stevington Windmill) and the Crystal Archive Collection have been valued on the basis of Historic Cost (when previously held as Community Assets).

The Council has not recognised any other Archived assets as it is of the view that obtaining valuations for the vast majority of these collections would involve a disproportionate cost of obtaining the information in comparison to the benefits to the users of the Council's financial statements – this exemption is permitted by the Code.

## R INVESTMENT PROPERTY

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 or is held for sale.

Investment properties held for sale are those where there is a high likelihood of sale within the next year.

## Recognition

Expenditure on the acquisition, creation or enhancement of Investment Property is capitalised on an accrual's basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost or fair value of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Where part of an investment property is replaced (above a de minimis level of £100,000), the cost of the replacement is recognised in the carrying value of the investment property and the carrying amount of those parts that are replaced is derecognised.

## Measurement

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arms-length (i.e. market value). Where an Investment Property is held under a lease (i.e. the Council is the lessee), the measurement is based on the lease interest. Properties are not depreciated but are revalued annually according to market conditions on 1 January. Where there has been material capital expenditure in excess of £100,000 on an asset a further revaluation is undertaken at the year end (31 March). 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. Investment Properties are not permitted to be reclassified as Assets Held for Sale.

An investment property under construction is measured at fair value if the Council is able to measure reliably the fair value of the investment property; otherwise, these assets are measured at cost.

## Rental Income and Disposals

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 Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

## S JOINTLY CONTROLLED OPERATIONS AND JOINTLY CONTROLLED ASSETS

Jointly controlled operations are activities undertaken by the Council in conjunction with other organisations that involve the use of the assets and resources of the organisations rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the CIES with a share of the expenditure it incurs and income it earns from the activity of the operation. The Council accounts for a number of jointly controlled operations which have been entered into with local authorities in the region.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council and other organisations, with the assets being used to obtain benefits for the organisations. The joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

## T 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 Lessee**

### **Finance Leases**

Property, Plant and Equipment or Investment Property 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 Council 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 CIES).

Property, Plant and Equipment and Investment Property recognised under finance leases is accounted for using the policies applied generally to such assets, for Property, Plant and Equipment 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 Council at the end of the lease period).

The Council 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, known as the Minimum Revenue Provision (MRP), 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).

An Investment Property held under an operating lease is accounted for as if it was a finance lease.

## **The Council as Lessor**

### **Finance Leases**

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Investment Property) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the CIES 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), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); and
- finance income (credited to the Financing and Investment Income and Expenditure line in the CIES).

The gain credited to the CIES on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve, in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve in the Movement in Reserves Statement.

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

Under transition to IFRS, the Council reclassified a number of operating leases to finance leases. In order to mitigate the impact of this reclassification on council tax, regulations (SI 2010 No. 454) required the Council not to classify the repayment of the principal element as a capital receipt for leases entered into on or before 31 March 2010, but to retain it in the General Fund as income.

## 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 Other Operating Expenditure line in the CIES. Credits 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 premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

## Lease Type Arrangements

Where the Council enters into an arrangement, comprising a transaction or a series of related transactions, that does not take the legal form of a lease but conveys a right to use an asset (e.g. an item of property, plant or equipment) in return for a payment or series of payments, the arrangement is accounted for as a lease as detailed above.

## U OVERHEADS AND SUPPORT SERVICES

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



## V 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 (above a de minimis limit of £4,000 for schools and £10,000 for non-schools) on an accruals 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. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

The de minimis level for capitalisation, referred to above, is not applicable to a project if it is part of a larger scheme of works which has a combined value exceeding the de minimis.

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

- Infrastructure, Community Assets and Assets Under Construction – depreciated historical cost;
- All other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

The valuation of land and buildings is undertaken by professionally qualified valuers.

New capital projects are treated as assets under construction until they are formally handed over to the service as completed and ready for use. Capital expenditure in year is added to the carrying value of the asset until it is next revalued with the exception of material works on assets (£100,000 or over), which will be revalued at the end of the financial year.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Revaluations are completed as at 1 January in the year of valuation and are reviewed for material changes as at the reporting date 31 March. Increases in valuations are

matched by credits to the Revaluation Reserve to recognise unrealised gains. Gains are credited to the appropriate line(s) in the Surplus or Deficit on Provision of Services (up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised) where they arise from the reversal of a revaluation loss previously charged to the Surplus or Deficit on Provision of Services, for the same asset.

Where decreases in value are identified (revaluation loss), they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Surplus or Deficit on Provision of Services.

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

When an asset is re-valued (revaluation gain and revaluation loss), any accumulated depreciation and impairment at the date of valuation is eliminated against the gross carrying amount of the asset and the net amount restated to the re-valued amount of the asset.

Revaluation gains and revaluation losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement (MIRS) and posted to the Capital Adjustment Account.

### **Closed Landfill Site**

The Council owns one closed landfill site. The future statutory costs of maintaining this site have been set aside in a provision and capitalised. These costs have then been revalued downwards and charged to the CIES. The revaluation losses are credited in the MIRS and debited in the Capital Adjustment Account.

The provision will be held at the discounted cash value determined by a relevant PWLB borrowing rate. The unwinding of the discounted provision will create an interest charge being made to the CIES. Any expenditure incurred in the statutory obligations of the site, whether capital or revenue, will be charged to the outstanding provision.

### **Impairment**

Assets are assessed at each year-end as to 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.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Surplus or Deficit on Provision of Services.

In exceptional cases where an impairment loss is reversed subsequently on the same asset, the reversal is credited to the relevant service line(s) in the Surplus or Deficit on Provision of Services,

up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Revaluation gains and impairment losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

## Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. Freehold land and Community Assets) and assets that are not yet available (i.e. assets under construction).

Assets are depreciated based on the value and life at the start of the financial year (before any revaluations) on a straight-line basis using the following life periods:

| Asset Type                    | Depreciation Range      |
|-------------------------------|-------------------------|
| Building                      | Between 0 and 100 years |
| Land                          | No Depreciation         |
| Plant, Vehicles and Equipment | Between 5 and 15 years  |
| Highways Infrastructure       | 30 years                |
| Other Infrastructure          | Between 10 and 20 years |

Depreciation is recognised in the appropriate lines in the Surplus or Deficit on Provision of Services.

Depreciation is not permitted to have an impact on the General Fund Balance. The depreciation is, therefore, reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

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

## Residual Value

Residual values are not used as asset values are assumed to be fully consumed over their useful life.

## Componentisation

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

The Council applies a de minimis limit (£6 million) below which assets will not be componentised because the asset is not considered significant in relation to the overall value of the Council's asset portfolio. For those assets above this de minimis limit, there will be a separate de minimis to only consider those components that are significant in relation to the total cost of the asset (20% or above of the total cost). These de minimis limits will be assessed on a regular basis so ensure that the levels are appropriate and do not materially affect the depreciation calculation.

Componentisation for depreciation purposes is applicable to enhancement and acquisition expenditure incurred, and revaluations carried out.

Where part of a Property, Plant and Equipment asset is replaced (above a de minimis level of £100,000), the cost of the replacement is recognised in the carrying value of the asset and the carrying amount of those parts that are replaced is derecognised. This recognition and derecognition takes place regardless of whether the replaced part had been depreciated separately.

### **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 immediately 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 previous losses recognised in the Surplus or Deficit on Provision of Services on the same asset (up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised). Depreciation is not charged on Assets Held for Sale. Where assets are expected to be sold within 12 months of the end of the financial year they are classified as Current Assets Held for Sale.

Revaluation gains and revaluation losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

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

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

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 CIES 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 credited to the Capital Receipts Reserve (disposals of £10,000 or below are treated as revenue). Capital receipts can then only be used for new capital investment (or set aside to reduce the Council's underlying need to borrow). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for 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.

## Reclassifications to Investment Property

Where Property, Plant and Equipment meet the criteria for Investment Property, the asset is reclassified to Investment Property. The asset is revalued immediately before reclassification to Investment Property with any remaining balance on the Revaluation Reserve is 'frozen' until such time it is reclassified.

## Schools

The capital assets of certain schools in the Borough are not owned by the Council and hence it is not probable that the future economic benefits or service potential associated with the asset will flow to the Council. Neither does the Council control the assets and hence there is no service concession or lease type arrangement. As a result, the value of the assets is not included in the Council's Balance Sheet. Those schools not included are: Academy, Voluntary Aided (VA) and Voluntary Controlled (VC) schools (though the playing fields of VA / VC schools are included). Foundation Trust and Community Schools are included in the Council's Balance Sheet.

## Highways Infrastructure Assets

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

They are generally measured at depreciated historical cost. However for some of the balances transferred from Bedfordshire County Council on 1 April 2009 this is a modified form of historical cost. Balances transferred consist of our 33% share of the balance with the rest being transferred to Central Bedfordshire Council. The balance transferred from Bedfordshire County Council includes an element which was originally recorded in their balance sheet at the amount of capital undischarged for sums borrowed as at 1 April 1994, this being deemed at the time to be historical cost.

## W 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 and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. For the accounts, flexi-time and leave accrued during maternity leave and long term sickness are excluded if deemed immaterial.

The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out to the Accumulated Absences Account through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. The cost is charged on an accrual's basis to the Non Distributed Costs line in the CIES when the Council is demonstrably committed to the termination of the employment of an officer or group of officers.

## Post-Employment Benefits (Pension Costs)

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

- The Teachers' Pension Scheme, administered nationally by the Teachers' Pensions Agency
- The NHS Pension Scheme, administered nationally by the NHS Pensions
- The Local Government Pensions Scheme, administered by Bedford Borough Council.

All three schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council. However, the arrangements for the Teachers' and NHS pension schemes mean that liabilities for these benefits cannot be identified to the Council. These schemes are, therefore, accounted for as if they were defined contributions schemes – no liability for future payments of benefits is recognised in the Balance Sheet and the Children's and Education Services and Public Health lines in the CIES are charged with the employer's contributions payable to their respective pension funds in the year.

The Local Government Scheme is accounted for as a defined benefits scheme as follows:

The liabilities of the Bedfordshire 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 estimated earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 4.8% (based on the indicative rate of return on high quality corporate bonds).

The assets of the Bedfordshire pension fund attributable to the Council are included in the Balance Sheet at their market value:

- quoted securities – market bid price
- unquoted securities – professional valuations
- unitised securities – current bid price quoted by fund manager
- property – current bid price quoted by fund manager

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

- (1) current service cost – the increase in liabilities as result of years of service earned this year – allocated in the CIES to the revenue accounts of services for which the employees worked
- (2) past service cost – the increase in liabilities arising from current year decisions 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 Non Distributed Costs
- (3) net interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the CIES
- (4) expected return on plan assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return, net of administration costs related to the management of plan assets – credited to the Financing and Investment Income and Expenditure line in the CIES
- (5) gains/losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited to the Surplus or Deficit on Provision of Services in the CIES as part of Non Distributed Costs



(6) 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 – debited to the Pension Reserve

(7) contributions paid to the Bedfordshire Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

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) 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.

## **X 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 or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change 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.

## **Y 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 fixed 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 fixed 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 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 (MRP).

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

## **Z 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 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 Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement. The Balance Sheet includes the 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.

## **AA RESERVES**

The Council maintains earmarked reserves to fund future expenditure on specific policy priorities as well as to provide funds to meet various contingency requirements the Council may have to face. The Executive has undertaken a review to ensure they are still required for the purpose set out and that the balance is still appropriate.

Amounts set aside for purposes falling outside of the definition of provisions or contingent liabilities are treated as reserves and transfers to and from them are distinguished from service expenditure.

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year and therefore included in 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 Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

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

## **BB REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of non-current assets (e.g. grants to third parties for capital purposes) 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 Movement in Reserves Statement from the General Fund to the Capital Adjustment Account then reverses out the amounts charged, so that there is no impact on the level of council tax.

## CC VALUE ADDED TAX (VAT)

VAT payable is included as an expense in the CIES whether of a capital or revenue nature only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is not included as income in the CIES.

## Note 2 - Accounting Standards Issued, Not Adopted

Paragraph 3.3.2.13 of the Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. Paragraph 3.3.4.3 requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year. The standards that may be relevant for additional disclosures that will be required in the 2023/2024 financial statements in respect of accounting changes that are introduced in the 2024/2025 Code (i.e. that are relevant to the requirements of paragraph 3.3.4.3) are:

- a) IFRS 16 Leases – (but only for local authorities that have decided to adopt IFRS 16 in the 2023/2024). The Council will adopt IFRS 16 in 2024/2025, so this is not relevant at this time.
- b) Where an authority adopted IFRS 16 in 2022/23 but chose to defer implementation of IFRS 16 to PFI/PPP arrangements until 2023/24 information on that more specific accounting change will be required in its 2022/23 statements of accounts.
- c) Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- d) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- e) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- f) Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

It is not anticipated that any of these changes will have a material impact on the Council's financial performance or financial position.

## Note 3 - Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in the Accounting Policies, the authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are as follows.

- There continues to be a high degree of uncertainty regarding future levels of funding for local government, which may affect the Council's Corporate Plan and associated strategies and policies. Changes such as the proposed localisation of business rates from 50% to 100% and the accompanying transfer of responsibilities from Central to Local Government brings further risk and greater volatility. The Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired because of a need to close facilities and reduce the levels of service provision. There is no impact on the going concern assessment.
- The Council maintains a prudent level of reserves to mitigate financial risk and ensure financial stability in the medium term. The General Fund Balance and Transformation Reserves in particular are reviewed at both budget setting and as part of the closure of accounts to ensure there is financial resilience and sufficient funding to support the Council's Transformation Programme.
- Where there are amounts in dispute with other parties, the Council has accounted for the amount it believes is correct. Where appropriate, a provision is set up to account for doubtful amounts.

- Valuation of property is subject to a number of professional judgements. Valuations are carried out by a qualified valuer, and their assumptions are set out in the Property, Plant and Equipment Note.

## Note 4 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

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

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

| Item                           | Uncertainties   | Effect if actual results differ from assumptions   |
|--------------------------------|---|--|
| <b>Pensions Liability</b>      | 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. The Council's Actuaries provide expert advice about the assumptions to be applied. | The effects on the Net Pensions Liability of changes in individual assumptions have been calculated as being: <ul style="list-style-type: none"> <li>A decrease in the Discount Rate of 0.1% would increase the employer liability by approximately 1.6% (£10.0 million)</li> <li>An increase in the salary increase rate of 0.1% would increase the employer liability by approximately 0.1% (£0.6 million)</li> <li>An increase in the pension increase rate of 0.1% would increase the employer liability by approximately 1.5% (£9.6 million)</li> </ul> |
| <b>Arrears</b>                 | At 31 March 2024, debtors (excluding Collection Fund) totalled £43.392 million. A review of significant balances suggested that an impairment of doubtful debts of £6.727 million was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.   | If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £6.727 million to set aside as an allowance.   |
| <b>Fair Value Measurements</b> | When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using  | The authority uses the discounted cash flow (DCF) model to measure the fair value of some of its   |

|  |  |  |
|--|--|--|
|  | <p>valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities. Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value. Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in notes 16 and 18 below.</p> | <p>investment properties and financial assets. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors (for both investment properties and some financial assets). Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets.</p> |
| <b>Property Plant &amp; Equipment</b>    | <p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on maintaining assets, bringing into doubt the useful lives assigned.</p> <p>Assets are valued by professional staff qualified by the Royal Institute of Chartered Surveyors (RICS). Nevertheless, there is an inherent element of subjectivity with any asset valuation.</p>  | <p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls.</p> <p>It is estimated that the annual depreciation charge would increase/decrease by £1.580 million if the useful lives were reduced by one year.</p>  |
| <b>Non- Domestic Rates (NDR) Appeals</b> | <p>The Council has set aside a provision to cover successful appeals lodged against NDR banding with the Valuations office, based on a professional estimate of outstanding appeals.</p>   | <p>If the provision is incorrect, there would be an impact on the Collection Fund balance. Any impact would be split between the Council and preceptors, with 49% of this amount impacting the Council and the provision of £2.415 million.</p> <p>If collection rates were to deteriorate further, for every 1% reduction in collection rate, an extra £0.024 million would be required to be set aside as an allowance.</p>  |

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## Note 5 - Material Items of Income and Expense

The following material item of income and expense recognised in Net Cost of Services with the surplus or deficit on the provision of services is detailed below.

During 2023/2024, the CIES incurred depreciation impairment charges of £22.431 million (£21.87 million in 2022/2023) and net revaluation increase of £6.121 million (£0.444 million increase in 2022/2023). However, these have no impact on the General Fund as these are reversed out as required under statutory regulations (see **Note 9**). Other material items of income and expense are disclosed in **Notes 11, 12 and 13**.

## Note 6 - Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Assistant Chief Executive (Finance) & Chief Finance Officer on 31 May 2024. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing on 31 March, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no events known to the Council which would need to be registered as events after the Balance Sheet date.

## Note 7 - Note to the Expenditure and Funding Analysis

This note reconciles the accounting adjustments column included in the Expenditure and Funding Analysis Statement included at the beginning of the accounts.

|   | 2023/24                                 |  |                                |                      |
|---|---|--|--------------------------------|----------------------|
|   | Net Capital<br>Statutory<br>Adjustments | Net Pensions<br>Statutory<br>Adjustments | Other Statutory<br>Adjustments | Total<br>Adjustments |
|   | £000                                    | £000                                     | £000                           | £000                 |
| Adults Services   | (36)                                    | (1,453)                                  | (55)                           | (1,544)              |
| Children's Services   | 3,190                                   | (4,513)                                  | 674                            | (648)                |
| Chief Executives  | 11                                      | (311)                                    | (34)                           | (335)                |
| Corporate   | 6,331                                   | (1,193)                                  | 24,904                         | 30,043               |
| Environment   | 10,008                                  | (2,603)                                  | (985)                          | 6,419                |
| Finance   | 0                                       | (495)                                    | (43)                           | (538)                |
| Financing   | (8,680)                                 | 140                                      | (352)                          | (8,892)              |
| Public Health   | 0                                       | (177)                                    | (7)                            | (184)                |
| Transformation  | (635)                                   | (47)                                     | (3)                            | (685)                |
| <b>Net Cost of Services</b>   | <b>10,188</b>                           | <b>(10,651)</b>                          | <b>24,099</b>                  | <b>23,636</b>        |
| Other Income and Expenditure  | (36,583)                                | 2,639                                    | (25,025)                       | (58,969)             |
| <b>Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b> | <b>(26,395)</b>                         | <b>(8,012)</b>                           | <b>(926)</b>                   | <b>(35,333)</b>      |

|   | 2022/23                                 |  |                                |                   |
|---|---|--|--------------------------------|-------------------|
|   | Net Capital<br>Statutory<br>Adjustments | Net Pensions<br>Statutory<br>Adjustments | Other Statutory<br>Adjustments | Total Adjustments |
|   | £000                                    | £000                                     | £000                           | £000              |
| Adults Services   | (92)                                    | (613)                                    | (115)                          | (820)             |
| Children's Services   | 4,790                                   | (1,819)                                  | (188)                          | 2,782             |
| Chief Executives  | 11                                      | (140)                                    | (41)                           | (171)             |
| Corporate   | 3,485                                   | (511)                                    | 19,648                         | 22,622            |
| Environment   | 10,728                                  | (1,097)                                  | (884)                          | 8,747             |
| Finance   | 0                                       | (214)                                    | (39)                           | (254)             |
| Financing   | (5,091)                                 | 172                                      | (672)                          | (5,591)           |
| Public Health   | (70)                                    | (63)                                     | (20)                           | (152)             |
| Transformation  | (929)                                   | (29)                                     | (6)                            | (965)             |
| <b>Net Cost of Services</b>   | <b>12,831</b>                           | <b>(4,316)</b>                           | <b>17,684</b>                  | <b>26,199</b>     |
| Other Income and Expenditure  | (17,310)                                | 4,013                                    | (17,380)                       | (30,678)          |
| <b>Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b> | <b>(4,479)</b>                          | <b>(303)</b>                             | <b>303</b>                     | <b>(4,479)</b>    |

#### Note 1) Net Capital Statutory Adjustments

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

- **Capital charges to Net Cost of Services** – annual charges for depreciation, amortisation and property revaluations as stipulated under generally accepted accounting practices.
- **Revenue Expenditure Funded Capital Under Statute** – revenue expenditure, and associated external funding, funded by capital means charged to the CIES under generally accepted accounting practices.
- **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.

#### Note 2) Net Pensions Statutory Adjustments

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

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

### Note 3) Other Statutory Adjustments and Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For **services** contributions to and from reserves have been transferred out of the CIES and movements in the employees benefits accrual recognised as specified under generally accepted accounting practices in the Code.
- For **Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under **Taxation and non-specific grant income and expenditure** 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.

The transfer of income and expenditure included in service management accounts which are designated as Other Comprehensive Income and Expenditure in accordance with the Code.

- **Other Income and Expenditure** – Parish precepts and payments for levies.
- **Financing Income and Expenditure** – Interest payable, investment income and commercial property income and expenditure.
- **Taxation and non-specific grant income and expenditure** – Council Tax, National Non-Domestic Rates and non-specific government grants.

## Note 8 - Expenditure and Income Analysed by Nature

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

| 2022/23      |  | 2023/24         |
|--------------|--|-----------------|
| £000         | Nature of Expenditure or Income                | £000            |
| (73,160)     | Fees, charges and other service income         | (86,648)        |
| (18,505)     | Interest and investment income                 | (29,404)        |
| (144,848)    | Income from local taxation                     | (151,592)       |
| (228,220)    | Government grants and contributions            | (276,710)       |
| 153,505      | Employee benefits expenses                     | 157,471         |
| 1,216        | Support service recharge expenditure           | 1,221           |
| 261,564      | Other service expenses                         | 314,131         |
| 25,058       | Depreciation, amortisation and impairment      | 13,657          |
| 27,332       | Interest payments                              | 32,141          |
| 2,718        | Precepts and levies                            | 2,824           |
| 1,565        | Gain or loss on disposal of non-current assets | 5,901           |
| <b>8,226</b> | <b>Surplus or Deficit for Year</b>             | <b>(17,008)</b> |

## Note 9 - 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 authority in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

| 2023/2024  | General Fund Balance<br>£000 | Capital Receipts Reserve<br>£000 | Capital Grants Unapplied<br>£000 | Movement in Unusable Reserves<br>£000 |
|--|------------------------------|----------------------------------|----------------------------------|---------------------------------------|
| <b>Adjustments to the Revenue Resources</b>  |                              |                                  |                                  |                                       |
| Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements: |                              |                                  |                                  |                                       |
| Pension cost (transferred to (or from) the Pensions Reserve)   | 8,012                        |                                  |                                  | (8,012)                               |
| Financial Instruments (transferred to the Financial Instruments Adjustments Account)   | 6                            |                                  |                                  | (6)                                   |
| Changes in fair value of pooled investments  | 250                          |                                  |                                  | (250)                                 |
| Council tax and NDR (transfers to or from the Collection Fund)   | 912                          |                                  |                                  | (912)                                 |
| Holiday pay (transferred to the Accumulated Absences reserve)  | (243)                        |                                  |                                  | 243                                   |
| Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)                   | 12,050                       |                                  | (35,986)                         | 23,936                                |
| <b>Total Adjustments to Revenue Resources</b>  | <b>20,988</b>                | <b>0</b>                         | <b>(35,986)</b>                  | <b>14,999</b>                         |
| <b>Adjustments between Revenue and Capital Resources:</b>  |                              |                                  |                                  |                                       |
| Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve   | 3,609                        | (3,609)                          |                                  | 0                                     |
| Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)   | 4,858                        |                                  |                                  | (4,858)                               |
| Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)  | 5,877                        |                                  |                                  | (5,877)                               |
| <b>Total Adjustments between Revenue and Capital Resources</b>   | <b>14,345</b>                | <b>(3,609)</b>                   | <b>0</b>                         | <b>(10,736)</b>                       |
| Use of the Capital Receipts Reserve to finance capital expenditure   |                              | 3,616                            |                                  | (3,616)                               |
| Application of capital grants to finance capital expenditure   |                              |                                  | 43,083                           | (43,083)                              |
| Cash payments in relation to deferred capital receipts   |                              | (7)                              |                                  | 7                                     |
| <b>Total Adjustments to Capital Resources</b>  | <b>0</b>                     | <b>3,609</b>                     | <b>43,083</b>                    | <b>(46,692)</b>                       |
| <b>Total Adjustments</b>   | <b>35,333</b>                | <b>0</b>                         | <b>7,096</b>                     | <b>(42,429)</b>                       |

| 2022/2023  | General Fund Balance<br>£000 | Capital Receipts Reserve<br>£000 | Capital Grants Unapplied<br>£000 | Movement in Unusable Reserves<br>£000 |
|--|------------------------------|----------------------------------|----------------------------------|---------------------------------------|
| <b>Adjustments to the Revenue Resources</b>  |                              |                                  |                                  |                                       |
| Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements: |                              |                                  |                                  |                                       |
| Pension cost (transferred to (or from) the Pensions Reserve)   | 303                          |                                  |                                  | (303)                                 |
| Financial Instruments (transferred to the Financial Instruments Adjustments Account)   | 6                            |                                  |                                  | (6)                                   |
| Changes in fair value of pooled investments  | (4,148)                      |                                  |                                  | 4,148                                 |
| Council tax and NDR (transfers to or from the Collection Fund)   | 3,168                        |                                  |                                  | (3,168)                               |
| Holiday pay (transferred to the Accumulated Absences reserve)  | 671                          |                                  |                                  | (671)                                 |
| Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)                   | (8,275)                      |                                  | (15,844)                         | 24,119                                |
| <b>Total Adjustments to Revenue Resources</b>  | <b>(8,275)</b>               | <b>0</b>                         | <b>(15,844)</b>                  | <b>24,119</b>                         |
| <b>Adjustments between Revenue and Capital Resources:</b>  |                              |                                  |                                  |                                       |
| Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve   | 1,535                        | (1,545)                          |                                  | 11                                    |
| Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)   | 4,392                        |                                  |                                  | (4,392)                               |
| Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)  | 6,827                        |                                  |                                  | (6,827)                               |
| <b>Total Adjustments between Revenue and Capital Resources</b>   | <b>12,754</b>                | <b>(1,545)</b>                   | <b>0</b>                         | <b>(11,208)</b>                       |
| <b>Adjustments to Capital Resources</b>  |                              |                                  |                                  |                                       |
| Use of the Capital Receipts Reserve to finance capital expenditure   |                              | 1,552                            |                                  | (1,552)                               |
| Application of capital grants to finance capital expenditure   |                              |                                  | 17,083                           | (17,083)                              |
| Cash payments in relation to deferred capital receipts   |                              | (7)                              |                                  | 7                                     |
| <b>Total Adjustments to Capital Resources</b>  | <b>0</b>                     | <b>1,545</b>                     | <b>17,083</b>                    | <b>(18,629)</b>                       |
| <b>Total Adjustments</b>   | <b>4,479</b>                 | <b>0</b>                         | <b>1,240</b>                     | <b>(5,718)</b>                        |

**General Fund Balance** - The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority 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 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.

## Note 10 - Transfers to/from Earmarked Reserves

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

| Balance<br>31<br>March<br>2022<br>£000 | Transfers<br>Out<br>£000 | Transfers<br>In<br>£000 | Balance<br>31<br>March<br>2023<br>£000 | Reserve Description                                    | Balance<br>31<br>March<br>2023<br>£000 | Transfers<br>Out<br>£000 | Transfers<br>In<br>£000 | Balance<br>31<br>March<br>2024<br>£000 |
|--|--------------------------|-------------------------|--|--|--|--------------------------|-------------------------|--|
| (2,537)                                | 1,000                    | 0                       | (1,537)                                | Adults Services  | (1,537)                                | 1,250                    | 0                       | (287)                                  |
| (959)                                  | 76                       | (423)                   | (1,306)                                | Childrens Services                                     | (1,306)                                | 700                      | 0                       | (606)                                  |
| (653)                                  | 503                      | (800)                   | (950)                                  | Chief Executives                                       | (950)                                  | 389                      | (134)                   | (695)                                  |
| (875)                                  | 132                      | 0                       | (743)                                  | Corporate Services                                     | (743)                                  | 473                      | 0                       | (270)                                  |
| (3,747)                                | 1,442                    | (1,286)                 | (3,591)                                | Environment  | (3,591)                                | 3,025                    | (2,357)                 | (2,924)                                |
| (4,030)                                | 7                        | (684)                   | (4,708)                                | Finance  | (4,708)                                | 881                      | 0                       | (3,826)                                |
| (14,713)                               | 8,121                    | (7,492)                 | (14,084)                               | Financing  | (14,084)                               | 11,816                   | (3,901)                 | (6,169)                                |
| (1,797)                                | 224                      | (1,146)                 | (2,719)                                | Public Health  | (2,719)                                | 1,101                    | (677)                   | (2,295)                                |
| (8,139)                                | 2,694                    | 0                       | (5,445)                                | Transformation   | (5,445)                                | 2,001                    | (230)                   | (3,674)                                |
| (6,452)                                | 5,653                    | (2,552)                 | (3,351)                                | *Business Rates Deficit & Council Tax Income Guarantee | (3,351)                                | 3,418                    | (1,301)                 | (1,234)                                |
| <b>(43,901)</b>                        | <b>19,852</b>            | <b>(14,384)</b>         | <b>(38,434)</b>                        | <b>Earmarked Reserves</b>                              | <b>(38,434)</b>                        | <b>25,053</b>            | <b>(8,600)</b>          | <b>(21,981)</b>                        |
| (5,809)                                | 1,773                    | (1,357)                 | (5,393)                                | Schools Reserves                                       | (5,393)                                | 2,060                    | (883)                   | (4,216)                                |
| (2,228)                                | 843                      | (1,623)                 | (3,008)                                | Schools Reserves – DSG                                 | (3,008)                                | 2,047                    | (246)                   | (1,206)                                |
| <b>(51,938)</b>                        | <b>22,468</b>            | <b>(17,364)</b>         | <b>(46,835)</b>                        | <b>Earmarked Reserves (Including Schools)</b>          | <b>(46,835)</b>                        | <b>29,161</b>            | <b>(9,729)</b>          | <b>(27,403)</b>                        |
| (17,676)                               | 7,601                    | 0                       | (10,076)                               | General Fund Balance                                   | (10,076)                               | 0                        | (1,108)                 | (11,183)                               |
| <b>(69,615)</b>                        | <b>30,068</b>            | <b>(17,364)</b>         | <b>(56,910)</b>                        | <b>Total General Fund Reserves</b>                     | <b>(56,910)</b>                        | <b>29,161</b>            | <b>(10,837)</b>         | <b>(38,586)</b>                        |



## Note 11 - Other Operating Expenditure

Other Operating Expenditure includes corporate costs to the Authority which are not allocated to specific service lines within the Net Cost of Services.

| 2022/23      |  | 2023/24       |
|--------------|--|---------------|
| £000         |  | £000          |
| 1,997        | Precepts   | 2,056         |
| 721          | Levies   | 768           |
| 1,678        | (Gains)/losses on the Disposal of Non-Current Assets | 7,722         |
| <b>4,396</b> | <b>Total Other Operating Expenditure</b>             | <b>10,546</b> |

## Note 12 - Financing and Investment Income and Expenditure

Financing and investment income and expenditure includes corporate income and expenditure associated with capital financing, investment properties and pension IAS19 adjustments.

| 2022/23      |  | 2024/24        |
|--------------|--|----------------|
| £000         |  | £000           |
| 3,528        | Interest payable and similar charges   | 3,208          |
| 4,013        | Net interest on the net defined benefit liability (asset)                                      | 2,639          |
| (2,861)      | Interest receivable and similar income   | (2,860)        |
| (3,037)      | *(Income) and expenditure in relation to investment properties and changes in their fair value | (11,540)       |
| 4,148        | (Gains)/losses on revaluation of pooled funds  | (250)          |
| <b>5,791</b> | <b>Total</b>   | <b>(8,803)</b> |

\* Includes fair value increase of £4.958 million (£1.534 million decrease 2022/2023). Gain on disposal of £1.821 million (£0.113 million 2022/2023) and net income of £4.762 million (£4.458 million 2022/2023).

The value of financial pooled funds increased by £0.250 million in line with market conditions, compared to a fall of £4.148 million in 2022/2023.

## Note 13 - Taxation and Non-Specific Grant Income

Taxation and Non Specific Grant Income note incorporates all non-service specific financing sources including, Council Tax, National Non-Domestic Rates, Revenue Support Grant, Non-service specific grants and Capital Grants recognised during the financial year.

| 2022/23          |   | 2023/24          |
|------------------|---|------------------|
| £000             |   | £000             |
| (107,093)        | Council tax income                        | (112,058)        |
| (37,755)         | Non-domestic rates income and expenditure | (39,534)         |
| (21,366)         | Non-ringfenced government grants          | (27,153)         |
| (20,409)         | Capital grants and contributions          | (37,526)         |
| <b>(186,623)</b> | <b>Total</b>                              | <b>(216,272)</b> |

**Non-specific government grants** increased by £5.787 million reflecting an increase in Section 31 Grants and the Social Care grant announced in the Autumn budget. **Capital grants and contributions** increased by £17.117 million reflecting an increase in grant income recognised. See **Note 33 Grant Income** for analysis.

## Note 14A - Property, Plant and Equipment

| 31st March<br>2023 |                                  | 31st March<br>2024 |  |
|--------------------|----------------------------------|--------------------|--|
| Total              |                                  | Total              |  |
| £000               |                                  | £000               |  |
| 212,071            | Infrastructure assets (Note 14b) | 224,752            |  |
| 445,476            | Other PPE assets (Note 14c)      | 503,271            |  |
| <b>657,547</b>     | <b>Total PPE assets</b>          | <b>728,023</b>     |  |

## Note 14B – Infrastructure Assets Movements

### Infrastructure Assets Movements

| 31 March 2023  |   | 31 March 2024  |  |
|----------------|---|----------------|--|
| £000           |   | £000           |  |
| <b>205,010</b> | <b>Net carrying amount at start of year</b> | <b>212,071</b> |  |
| 18,213         | Additions                                   | 23,180         |  |
| (11,152)       | Depreciation for the period                 | (11,881)       |  |
| 0              | Reclassifications                           | 1,382          |  |
| <b>212,071</b> | <b>Net carrying amount at end of year</b>   | <b>224,752</b> |  |

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 authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

The authority has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

## Note 14C - Property, Plant and Equipment

### Movements to 31 March 2024

|  | Land<br>and<br>Buildings<br>£000 | Vehicles, Plant,<br>Furniture &<br>Equipment<br>£000 | Community<br>Assets<br>£000 | Surplus<br>Assets<br>£000 | Assets Under<br>Construction<br>£000 | Total Property,<br>Plant and<br>Equipment<br>£000 |
|--|----------------------------------|--|-----------------------------|---------------------------|--------------------------------------|---|
| <b>Cost or Valuation</b>   |                                  |  |                             |                           |                                      |   |
| <b>at 1 April 2023</b>   | <b>397,242</b>                   | <b>53,139</b>  | <b>5,964</b>                | <b>3,873</b>              | <b>10,087</b>                        | <b>470,304</b>                                    |
| Depreciation written out on revaluation  | (2,342)                          | 0  | 0                           | 0                         | 0                                    | (2,342)   |
| Additions  | 8,586                            | 6,967  | 0                           | 0                         | 39,148                               | <b>54,701</b>                                     |
| Revaluation increases/(decreases) recognised in the Revaluation Reserve                          | 15,214                           | 0  | 0                           | 1,807                     | 0                                    | <b>17,021</b>                                     |
| Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services | 7,304                            | 0  | 0                           | (1,183)                   | 0                                    | <b>6,121</b>                                      |
| De-recognition – disposals   | (4,838)                          | (1,217)  | 0                           | 0                         | 0                                    | <b>(6,055)</b>                                    |
| De-recognition – other   | (2,405)                          | (727)  | 0                           | 0                         | 0                                    | <b>(3,132)</b>                                    |
| Reclassifications and transfer   | 6,180                            | 119  | (40)                        | 0                         | (7,879)                              | <b>(1,620)</b>                                    |
| Other movements in cost or valuation   | 0                                | 0  | 0                           | 0                         | 0                                    | <b>0</b>  |
| <b>at 31 March 2024</b>  | <b>424,941</b>                   | <b>58,281</b>  | <b>5,924</b>                | <b>4,497</b>              | <b>41,356</b>                        | <b>534,998</b>                                    |
| <b>Accumulated Depreciation and Impairment</b>   |                                  |  |                             |                           |                                      |   |
| <b>at 1 April 2023</b>   | <b>(502)</b>                     | <b>(24,326)</b>                                      | <b>0</b>                    | <b>0</b>                  | <b>0</b>                             | <b>(24,828)</b>                                   |
| Depreciation written out on revaluation  | 2,342                            | 0  | 0                           | 0                         | 0                                    | 2,342   |
| Depreciation charge  | (6,046)                          | (4,504)  | 0                           | 0                         | 0                                    | (10,550)  |
| De-recognition – disposals   | 0                                | 1,040  | 0                           | 0                         | 0                                    | 1,040   |
| De-recognition – other   | 87                               | 182  | 0                           | 0                         | 0                                    | 269   |
| Reclassifications and transfers  | 0                                | 0  | 0                           | 0                         | 0                                    | 0   |
| Other movements in depreciation and impairment   | 0                                | 0  | 0                           | 0                         | 0                                    | 0   |
| <b>at 31 March 2024</b>  | <b>(4,119)</b>                   | <b>(27,608)</b>                                      | <b>0</b>                    | <b>0</b>                  | <b>0</b>                             | <b>(31,727)</b>                                   |
| <b>Net Book Value</b>  |                                  |  |                             |                           |                                      |   |
| <b>at 31 March 2024</b>  | <b>420,822</b>                   | <b>30,673</b>  | <b>5,924</b>                | <b>4,497</b>              | <b>41,356</b>                        | <b>503,271</b>                                    |
| <b>at 31 March 2023</b>  | <b>396,740</b>                   | <b>28,813</b>  | <b>5,964</b>                | <b>3,873</b>              | <b>10,087</b>                        | <b>445,476</b>                                    |

## Movements to 31 March 2023

|  | Land<br>and<br>Buildings<br>£000 | Vehicles, Plant,<br>Furniture &<br>Equipment<br>£000 | Community<br>Assets<br>£000 | Surplus<br>Assets<br>£000 | Assets Under<br>Construction<br>£000 | Total Property,<br>Plant and<br>Equipment<br>£000 |
|--|----------------------------------|--|-----------------------------|---------------------------|--------------------------------------|---|
| <b>Cost or Valuation</b>   |                                  |  |                             |                           |                                      |   |
| <b>at 1 April 2022</b>   | <b>388,779</b>                   | <b>51,042</b>  | <b>5,964</b>                | <b>2,741</b>              | <b>7,212</b>                         | <b>455,738</b>                                    |
| Depreciation written out on revaluation  | (7,077)                          | 0  | 0                           | (52)                      | 0                                    | (7,129)   |
| Additions  | 5,126                            | 4,384  | 0                           | 1,283                     | 9,898                                | 20,691  |
| Revaluation increases/(decreases) recognised in the Revaluation Reserve                          | 3,819                            | 0  | 0                           | 379                       | 0                                    | 4,198   |
| Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services | 472                              | 0  | 0                           | (28)                      | 0                                    | 444   |
| De-recognition – disposals   | (1,651)                          | (991)  | 0                           | (450)                     | 0                                    | (3,092)   |
| De-recognition – other   | (170)                            | 0  | 0                           | 0                         | 0                                    | (170)   |
| Reclassifications and transfer   | 7,944                            | (1,296)  | 0                           | 0                         | (7,023)                              | (375)   |
| Other movements in cost or valuation   | 0                                | 0  | 0                           | 0                         | 0                                    | 0   |
| <b>at 31 March 2023</b>  | <b>397,242</b>                   | <b>53,139</b>  | <b>5,964</b>                | <b>3,873</b>              | <b>10,087</b>                        | <b>470,305</b>                                    |
| <b>Accumulated Depreciation and Impairment</b>   |                                  |  |                             |                           |                                      |   |
| <b>at 1 April 2022</b>   | <b>(515)</b>                     | <b>(21,712)</b>                                      | <b>0</b>                    | <b>(52)</b>               | <b>0</b>                             | <b>(22,279)</b>                                   |
| Depreciation written out on revaluation  | 7,077                            | 0  | 0                           | 52                        | 0                                    | 7,129   |
| Depreciation charge  | (6,380)                          | (4,339)  | 0                           | 0                         | 0                                    | (10,719)  |
| De-recognition – disposals   | 147                              | 890  | 0                           | 0                         | 0                                    | 1,037   |
| De-recognition – other   | 0                                | 0  | 0                           | 0                         | 0                                    | 0   |
| Reclassifications and transfers  | (831)                            | 835  | 0                           | 0                         | 0                                    | 4   |
| Other movements in depreciation and impairment   | 0                                | 0  | 0                           | 0                         | 0                                    | 0   |
| <b>at 31 March 2023</b>  | <b>(502)</b>                     | <b>(24,326)</b>                                      | <b>0</b>                    | <b>0</b>                  | <b>0</b>                             | <b>(24,828)</b>                                   |
| <b>Net Book Value</b>  |                                  |  |                             |                           |                                      |   |
| <b>at 31 March 2023</b>  | <b>396,740</b>                   | <b>28,813</b>  | <b>5,964</b>                | <b>3,873</b>              | <b>10,087</b>                        | <b>445,477</b>                                    |
| <b>at 31 March 2022</b>  | <b>388,264</b>                   | <b>29,328</b>  | <b>5,964</b>                | <b>2,689</b>              | <b>7,212</b>                         | <b>433,457</b>                                    |

## Depreciation

The useful lives used in the calculation of depreciation are given within the Accounting Policies for Property, Plant and Equipment.

## Capital Commitments

At 31 March 2024, the Council had entered into a number of contracts for the construction or the enhancement of Property, Plant and Equipment in 2024/2025 and future years. The major commitments are:

| 31 March 2023 |                                      | 31 March 2024 |
|---------------|--------------------------------------|---------------|
| £000          | Capital Scheme                       |               |
| 7,059         | Highways Works                       | 10,465        |
| 3,430         | Vehicle, Plant & Equipment Programme | 0             |
| 459           | Superfast Broadband Project          | 365           |
| 0             | Wixams Railway Station               | 4,431         |
| 444           | Average Speed Cameras                | 0             |
| 424           | Schools                              | 23,392        |
| <b>11,816</b> | <b>Total</b>                         | <b>38,653</b> |

## Effects of Changes in Estimates

There are no material effects or changes in estimates.

## Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All DRC and Rural asset valuations were carried by Savills the remainder are carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on historic prices.

The significant assumptions applied in estimating the fair values are:

- Internal services (e.g. electrics, heating or other building service apparatus) are assumed to be in good repair and condition.
- Service installations will not be tested and it is assumed that they are of adequate supply and capacity, in satisfactory working order and comply with statutory requirements.
- Inspections undertaken will typically be external only and it is assumed that the inspection of assets or parts of assets that have not been inspected would not cause the valuer to alter their initial opinion of value
- It has been assumed that no deleterious or hazardous substances are present and that no latent defects exist.
- It is assumed that there are no contamination issues on individual properties but should it subsequently be identified that contamination, pollution or seepage exists or that the property is being put to a contaminative use this would likely reduce the values reported.
- No title check or local search are to be carried out and it is assumed that the property and its value are unaffected by any matters which would be revealed by a local search or inspection of any register, nor subject to any unusual or especially onerous restrictions, encumbrances or outgoing and that the use and occupation are lawful.
- Any mineral value is excluded unless specifically reflected in the valuation.

- Where an asset has been damaged by an insured peril it is assumed that the asset is reinstated with a new facility utilising any insured losses.
- It is assumed that non-operational freehold properties will be well maintained that there is no significant backlog and that the asset will have a useful life in excess of 50 years. For leased out properties it is assumed that the parties to the lease/agreement have complied with the required repairing and decorating covenants.
- It is assumed that the Authority will continue to provide sufficient maintenance resources to enable the operational properties to continue to provide the existing level of service for the medium term, unless otherwise stated. All permanent operational properties are considered to have a useful life of 100 years or as stated individually.
- It is assumed that there is no breach of planning regulations relating to the properties being valued. The planning position on specific properties has not been researched although consideration has been given to potential alternative uses under the Local Plan in respect of some properties where considered appropriate. Any specifics or planning assumptions have been stated on the individual valuation.
- It is assumed that ground lease rents will revert to open market values, either rental or capital, upon reversion whenever that may be.
- It is also assumed that commercial leases will be renewed on expiry unless specifically stated in the individual valuation.
- For the valuation of long ground leases of industrial buildings held freehold it is assumed that at the end of the lease the building will no longer be fit for use, or alternatively will not be of a construction type or design suitable for modern requirements. Thus there will be no demand for the building in the market and its value shall be that of the site only.
- No allowance has been made in respect of the costs of sale unless the property is classified as 'Assets Held For Sale', or as stated on the individual property valuation.
- Where capital expenditure on an asset is considered to have no effect on the value of the asset a valuation may not have been undertaken purely as a result of such expenditure having been incurred.
- It is assumed that the properties are compliant with the Disability Discrimination Act 1995, The Equality Act 2010, The Fire Precautions Act 1971, The Regulatory Reform (Fire Safety) Order 2005, The Health and Safety at Work Act 1974, et al.

The table below shows the values of assets split by type and according to the year in which they were formally valued.

|                                       | Other<br>Land and<br>Buildings<br>£000 | Vehicles,<br>Plant,<br>Furniture<br>and<br>Equipment<br>£000 | Infrastruct<br>ure Assets<br>£000 | Community<br>Assets<br>£000 | Surplus<br>Assets<br>£000 | Assets<br>Under<br>Constructi<br>on<br>£000 | Total<br>£000  |
|---------------------------------------|--|--|-----------------------------------|-----------------------------|---------------------------|---|----------------|
| <b>Carried at historical cost</b>     | 6,679                                  | 30,673   | 224,752                           | 5,912                       |                           | 41,356                                      | 309,372        |
| <b>Valued at current value as at:</b> |  |  |                                   |                             |                           |   |                |
| <b>31/03/2024</b>                     | 145,924                                |  |                                   |                             | 2,627                     |   | 148,551        |
| <b>31/03/2023</b>                     | 259,617                                |  |                                   |                             | 1,706                     |   | 261,323        |
| <b>31/03/2022</b>                     | 8,215                                  |  |                                   | 12                          |                           |   | 8,227          |
| <b>31/03/2021</b>                     | 387                                    |  |                                   |                             |                           |   | 387            |
| <b>31/03/2020</b>                     |  |  |                                   |                             | 164                       |   | 164            |
| <b>Total Cost or Valuation</b>        | <b>420,822</b>                         | <b>30,673</b>  | <b>224,752</b>                    | <b>5,924</b>                | <b>4,497</b>              | <b>41,356</b>                               | <b>728,024</b> |





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

### Significant Observable Inputs – Level 2

The fair value for the properties classified as Level 2 has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

### Significant Unobservable Inputs – Level 3

The properties classified as Level 3 located in the local authority area are measured using the income approach, by means of the discounted cash flow method, where the expected cash flows from the properties are discounted (using a market-derived discount rate) to establish the present value of the net income stream or by the means of direct market comparisons. Both methods have been developed using the authority's own and relevant market data requiring it to factor in assumptions such as the duration and timing of cash inflows and outflows, rent growth, occupancy levels, bad debt levels, maintenance costs, etc. The relevant property valuations are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions).

### Highest and Best Use of Investment Properties

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

### Valuation Techniques

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

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

The reconciliation in the table below shows the movement of all level 3 investment properties.

| 31 March 2023 | Investment Property Movements in Year   | 31 March 2024 |
|---------------|---|---------------|
| £000          |   | £000          |
| 18,392        | Opening Balance   | 15,642        |
| (323)         | Reclassifications out of Investment Properties at Level 3   | 0             |
| (1,552)       | Total gains or losses for the period included in the Surplus or Deficit on the Provision of Services resulting from changes in fair value | 1,002         |
| (875)         | Disposals   | (750)         |
| 15,642        | Balance at the end of the year  | 15,894        |

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

#### Commercial

90 of the 97 property valuations classified as commercial are based on observable inputs evidenced by strong market information. The remaining 7 valuations, totalling £1.179 million are for sites which are unique in their characteristics and require professional judgements to be made. Each Commercial Property valuation incorporates unique and varying judgements which are not easily summarised and are not considered material in nature.

## Development

All development Properties, are classified as Level 3 and have a total valuation of £12.819 million as at 31 March 2024. The valuation of these sites is based on an income approach using a discounted cash flow (DCF) technique and direct market comparisons of similar site transactions. This technique is supported by a number of unobservable inputs such as % of land estimated to be viable for development, infrastructure obligations, discount rate and overall scheme risk.

## Rural

29 of the 31 property valuations classified as rural are based on observable inputs evidenced by strong market information. The remaining 2 valuations, totalling £1.896 million are for sites which are unique in their characteristics and require professional judgements to be made. Each rural property valuation incorporates unique and varying judgements which are not easily summarised and are not considered material in nature.

## Valuation Process for Investment Properties

The fair value of the authority's investment property is measured annually at each reporting date as a minimum. All valuations are carried out internally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The authority's valuation experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

## Note 16 - Intangible Assets

The authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. The intangible assets include both purchased licenses and internally generally software. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the authority.

| 31 March 2023             |   | 31 March 2024 |
|---------------------------|---|---------------|
| Total                     |   | Total         |
| £000                      |   | £000          |
| Balance at start of year: |   |               |
| 15,294                    | Gross carrying amounts                                      | 15,867        |
| (6,710)                   | Accumulated amortisation                                    | (8,207)       |
| <b>8,584</b>              | <b>Net carrying amount at start of year</b>                 | <b>7,660</b>  |
| Additions:                |   |               |
| 1,174                     | Purchases   | 840           |
| 0                         | Reclassifications and transfers                             |               |
| (2,097)                   | Amortisation for the period                                 | (2,305)       |
| 0                         | Amortisation written out on reclassifications and transfers |               |
| <b>7,661</b>              | <b>Net carrying amount at end of year</b>                   | <b>6,195</b>  |
| Comprising:               |   |               |
| 15,867                    | Gross carrying amounts                                      | 16,707        |
| (8,206)                   | Accumulated amortisation                                    | (10,512)      |
| <b>7,661</b>              | <b>Total</b>  | <b>6,195</b>  |

Intangible Assets are amortised to the relevant service line(s) in the CIES over the economic life of the asset (between 5 and 10 years).

The carrying amount of intangible assets is historical cost, amortised on a straight-line basis. The amortisation for the period has been charged to the relevant service area.

## Note 17A - Financial Instruments

The Accounting Policies in Note 1 set out the classifications of financial instruments listed below.

|                                    | Non-Current Financial Assets |                  |                  |                  |                  |                  |
|------------------------------------|------------------------------|------------------|------------------|------------------|------------------|------------------|
|                                    | Investments                  |                  | Debtors          |                  | Total            |                  |
|                                    | 31 March<br>2023             | 31 March<br>2024 | 31 March<br>2023 | 31 March<br>2024 | 31 March<br>2023 | 31 March<br>2024 |
|                                    |                              |                  | £000             |                  | £000             |                  |
| Fair value through profit and loss | 33,203                       | 33,453           | 0                | 0                | 33,203           | 33,453           |
| Amortised cost                     |                              |                  | 1,600            | 7,181            | 1,600            | 7,181            |
| <b>Total financial assets</b>      | <b>33,203</b>                | <b>33,453</b>    | <b>1,600</b>     | <b>7,181</b>     | <b>34,803</b>    | <b>40,634</b>    |

|                               | Current Financial Assets |                  |                  |                  |                  |                  |
|-------------------------------|--------------------------|------------------|------------------|------------------|------------------|------------------|
|                               | Investments              |                  | Debtors          |                  | Total            |                  |
|                               | 31 March<br>2023         | 31 March<br>2024 | 31 March<br>2023 | 31 March<br>2024 | 31 March<br>2023 | 31 March<br>2024 |
|                               | £000                     |                  | £000             |                  | £000             |                  |
| Amortised cost                | 11,114                   | 0                | 22,381           | 28,359           | 33,495           | 28,359           |
| <b>Total financial assets</b> | <b>11,114</b>            | <b>0</b>         | <b>22,381</b>    | <b>28,359</b>    | <b>33,495</b>    | <b>28,359</b>    |

|                                    | Non-Current Financial Liabilities |                  |                             |                  |                  |                  |
|------------------------------------|-----------------------------------|------------------|-----------------------------|------------------|------------------|------------------|
|                                    | Borrowings                        |                  | Other long-term liabilities |                  | Total            |                  |
|                                    | 31 March<br>2023                  | 31 March<br>2024 | 31 March<br>2023            | 31 March<br>2024 | 31 March<br>2023 | 31 March<br>2024 |
|                                    | £000                              |                  | £000                        |                  | £000             |                  |
| Amortised cost                     | (54,888)                          | (53,204)         | (47)                        | (114)            | (54,935)         | (53,317)         |
| <b>Total financial liabilities</b> | <b>(54,888)</b>                   | <b>(53,204)</b>  | <b>(47)</b>                 | <b>(114)</b>     | <b>(54,935)</b>  | <b>(53,317)</b>  |

|                                    | Current Financial Liabilities |                  |                  |                  |                  |                  |
|------------------------------------|-------------------------------|------------------|------------------|------------------|------------------|------------------|
|                                    | Borrowings                    |                  | Creditors        |                  | Total            |                  |
|                                    | 31 March<br>2023              | 31 March<br>2024 | 31 March<br>2023 | 31 March<br>2024 | 31 March<br>2023 | 31 March<br>2024 |
|                                    | £000                          |                  | £000             |                  | £000             |                  |
| Amortised cost                     | (5,351)                       | (35,075)         | (36,757)         | (45,185)         | (42,108)         | (80,260)         |
| <b>Total financial liabilities</b> | <b>(5,351)</b>                | <b>(35,075)</b>  | <b>(36,757)</b>  | <b>(45,185)</b>  | <b>(42,108)</b>  | <b>(80,260)</b>  |

Creditors will not reconcile to the balance sheet as non-financial instruments are excluded from the table above.

The table shows Income, Expenses, Gains and Losses recognised in the Comprehensive Income and Expenditure Statement during the year.

|  | 31 March 2023  |   | 31 March 2024  |   |
|--|--|---|--|---|
|  | Surplus or<br>Deficit on the<br>Provision of<br>Services<br>£000 | Other<br>Comprehensive<br>Income and<br>Expenditure<br>£000 | Surplus or<br>Deficit on the<br>Provision of<br>Services | Other<br>Comprehensive<br>Income and<br>Expenditure |
| <b>Net gains/losses on:</b>  |  |   |  |   |
| • financial assets measured at fair value through profit or loss                   | 0  | 4,148   | 0  | (250)   |
| <b>Total net (gains)/losses</b>  | <b>0</b>   | <b>4,148</b>  | <b>0</b>   | <b>(250)</b>  |
| <b>Interest revenue:</b>   |  |   |  |   |
| • financial assets measured at amortised cost                                      | (2,838)  | 0   | (2,837)  | 0   |
| • other financial assets measured at fair value through other comprehensive income | (23)   | 0   | (23)   | 0   |
| <b>Total interest revenue</b>  | <b>(2,861)</b>   | <b>0</b>  | <b>(2,860)</b>   | <b>0</b>  |
| <b>Interest expense</b>  | <b>3,528</b>   | <b>0</b>  | <b>3,207</b>   | <b>0</b>  |

## Note 17B - Financial Instruments Fair Value

### Recurring Fair Value Measurements – Fair Value through Profit and Loss:

|                                 | 31 March 2023 | 31 March 2024 |
|---------------------------------|---------------|---------------|
|                                 | £000          |               |
| Bond, equity and property funds | 33,203        | 33,453        |
| Money Market Funds              | 23,067        | 5             |
| <b>Balance 31 March</b>         | <b>56,270</b> | <b>33,458</b> |

The Fair Values of Financial Assets and Financial Liabilities that are not Measured at Fair Value (but for which Fair Value Disclosures are required).

| Financial Liabilities                        | 31 March 2023   |                 | 31 March 2024   |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | Carrying Amount | Fair Value      | Carrying Amount | Fair Value      |
|  | £000            | £000            | £000            | £000            |
| Financial Liabilities held at Amortised Cost | (60,238)        | (59,400)        | (88,278)        | (87,645)        |
| <b>Total</b>                                 | <b>(60,238)</b> | <b>(59,400)</b> | <b>(88,278)</b> | <b>(87,645)</b> |

| Financial Assets | 31 March 2023   |            | 31 March 2024   |            |
|------------------|-----------------|------------|-----------------|------------|
|                  | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
|                  | £000            | £000       |                 |            |
| Amortised Cost   | 287             | 287        | 287             | 287        |
| <b>Total</b>     | <b>287</b>      | <b>287</b> | <b>287</b>      | <b>287</b> |

The fair value for financial assets represents the principal outstanding for a finance lease which ends in 2121/2122.

## Note 18 - Debtors

| 31 March 2023 |                            | 31 March 2024 |
|---------------|----------------------------|---------------|
| £000          |                            | £000          |
| 11,597        | Trade Receivables          | 13,426        |
| 2,113         | *Prepayments               | 7,733         |
| 1,911         | Housing Benefit Claimants  | 1,855         |
| 7,288         | Central Government Debtors | 10,594        |
| 6,905         | Council Tax & NDR Debtors  | 9,046         |
| 5,574         | Other Receivable Amounts   | 9,784         |
| <b>35,388</b> | <b>Total</b>               | <b>52,438</b> |

\*31<sup>st</sup> March 2024 includes £5.633 million cash payment in advance to Bedfordshire Pension Fund in respect of the fixed element secondary rate Employers Pension Contribution, there was no prepayment as at 31<sup>st</sup> March 2023.

## Note 19 - Cash and Cash Equivalents

| 31 March 2023 |  | 31 March 2024 |
|---------------|--|---------------|
| £000          |  | £000          |
| 2,459         | Cash and Bank balances                 | 5,146         |
| 0             | Short Term Investments                 | 0             |
| 26,115        | Short Term Deposits                    | 7             |
| 0             | Bank Overdraft                         | (2,726)       |
| <b>28,574</b> | <b>Total Cash and Cash Equivalents</b> | <b>2,427</b>  |

## Note 20A - Creditors

| 31 March 2023   |   | 31 March 2024   |
|-----------------|---|-----------------|
| £000            |   | £000            |
| (21,590)        | Trade payables                            | (30,596)        |
| (18,554)        | Receipts In Advance                       | (14,686)        |
| (10,829)        | Council Tax and NDR Creditors             | (10,652)        |
| (3,160)         | Accumulated Absences Accrual              | (3,403)         |
| (2,976)         | S31 Grant due to be repaid to DLUHC/MHCLG | (685)           |
| (14,888)        | Other payables                            | (15,613)        |
| <b>(71,997)</b> | <b>Total Creditors</b>                    | <b>(75,635)</b> |



## Note 20B – Creditors: Other Long-Term Liabilities

| 31 March 2023    |                                   |          | 31 March 2024   |
|------------------|-----------------------------------|----------|-----------------|
| £000             |                                   | Note Ref | £000            |
| (92,823)         | Pension Liability                 | 39       | (71,731)        |
| (47)             | Finance Lease Long-Term Liability | 36       | (114)           |
| (11,278)         | Long Term Creditors               | -        | (11,174)        |
| <b>(104,148)</b> | <b>Total Creditors</b>            |          | <b>(83,019)</b> |

## Note 21 - Provisions

### Current Provisions

| 2023/24                                      | Elstow Landfill Decommissioning | Insurance Provision | Non - Domestic Rates Appeal (BBC portion) | Compulsory Purchase Orders | Other        | Total          |
|--|---------------------------------|---------------------|---|----------------------------|--------------|----------------|
|  | £000                            | £000                | £000                                      | £000                       | £000         | £000           |
| <b>Opening Balance</b>                       | <b>(2,937)</b>                  | <b>(330)</b>        | <b>(4,623)</b>                            | <b>(266)</b>               | <b>(335)</b> | <b>(8,490)</b> |
| (Increase)/decrease in provision during year | 0                               | (131)               | 2,209                                     | 0                          | 0            | 2,077          |
| Utilised during year                         | 321                             | 0                   | 0   | 115                        | 145          | 581            |
| Unwinding of discounting                     | 0                               | 99                  | 0   | 0                          | 0            | 99             |
| Other movements                              | (136)                           | 0                   | 0   | 0                          | 0            | (136)          |
| <b>Closing Balance</b>                       | <b>(2,752)</b>                  | <b>(362)</b>        | <b>(2,414)</b>                            | <b>(151)</b>               | <b>(190)</b> | <b>(5,870)</b> |

### Long Term Provisions

| 2023/24                  | Elstow Landfill Decommissioning | Insurance Provision | Total          |
|--------------------------|---------------------------------|---------------------|----------------|
|                          | £000                            | £000                | £000           |
| <b>Opening Balance</b>   | <b>(1,578)</b>                  | <b>(885)</b>        | <b>(2,463)</b> |
| Unwinding of discounting | 0                               | (88)                | (88)           |
| Other movements          | 136                             |                     | 136            |
| <b>Closing Balance</b>   | <b>(1,442)</b>                  | <b>(973)</b>        | <b>(2,415)</b> |

The main provisions represent:

- Elstow Landfill Decommissioning is to cover the future statutory revenue and capital costs associated with the closed landfill site in Elstow.
- National Non-Domestic Rates Appeals is 49% of the appeal provision created in the Collection Fund for potential appeals against Non-Domestic Rates Bills.
- Insurance Provision is set aside for specific and known insurance liabilities. Approximately 25% is expected to be spent within 1 year, 50% within 2 – 5 years, and the remainder after 5 years.
- Compulsory Purchase Orders (CPO) relates to amounts anticipated to be incurred as a result of making CPOs, but where the owner has not yet made a claim.

All other provisions are individually insignificant.

A summary of the movement in provisions is shown in the table below:

| 2022/23  | Total Provisions                    | 2023/24  |
|----------|-------------------------------------|----------|
| £000     |                                     | £000     |
| (13,343) | <b>Opening Balance</b>              | (10,953) |
| 1,275    | (Increase) in provision during year | 2,077    |
| 1,162    | Utilised during year                | 581      |
| (47)     | Unwinding of discounting            | 11       |
| 0        | Other movements                     | 0        |
| (10,953) | <b>Closing Balance</b>              | (8,284)  |

## Note 22 - Usable Reserves

Movement in the Council's Usable Reserves are detailed in the **Movement in Reserves Statement**, and the disclosure notes **Adjustments between Accounting Basis and Funding Basis under Regulations** and **Transfers to / from Earmarked Reserves**.

The council has established sufficient levels of Usable Reserves to mitigate financial risk. There will be an ongoing need to review and establish a level of Reserves which both allows the Council to withstand the financial impacts of future funding reductions, at a local or national level, and provides funding to enable the Council to transform to deliver fit for purpose services which meet the changing needs and expectations of service users.

### Capital Receipts Reserve

| 31 March 2023 |                                     | 31 March 2024 |
|---------------|-------------------------------------|---------------|
| £000          |                                     | £000          |
| 0             | <b>Balance 1 April</b>              | 0             |
| (1,545)       | Capital Receipts in year            | (3,609)       |
| (7)           | Deferred Receipts realised          | (7)           |
| 1,552         | Capital Receipts used for financing | 3,616         |
| 0             | <b>Balance 31 March</b>             | 0             |

### Capital Grants Unapplied

| 31 March 2023 |  | 31 March 2024 |
|---------------|--|---------------|
| £000          |  | £000          |
| (21,875)      | <b>Balance 1 April</b>                   | (20,636)      |
| (15,844)      | Capital grants recognised in year        | (35,986)      |
| 17,083        | Capital grants and contributions applied | 43,083        |
| (20,636)      | <b>Balance 31 March</b>                  | (13,540)      |

## Note 23 - Unusable Reserves

The table below provides a breakdown of the Unusable Reserves values included in the Movement in Reserves Statement.

| 31 March 2023    |  | 31 March 2024    |
|------------------|--|------------------|
| £000             |  | £000             |
| (138,468)        | Revaluation Reserve                        | (152,853)        |
| (469,095)        | Capital Adjustment Account                 | (505,229)        |
| 4                | Financial Instruments Adjustment Account   | (3)              |
| 92,823           | Pension Reserve                            | 71,731           |
| (372)            | Deferred Capital Receipts Reserve          | (365)            |
| (2,295)          | Collection Fund Adjustment Account         | (3,204)          |
| 3,160            | Accumulated Absences Account               | 3,403            |
| 3,797            | Pooled Investment Funds Adjustment Account | 3,547            |
| <b>(510,445)</b> | <b>Total</b>                               | <b>(582,972)</b> |

Financial Instruments Adjustment Account and Accumulated Absences Account are not disclosed below because movements are immaterial.

### Revaluation Reserve

| 31 March 2023    |   | 31 March 2024    |
|------------------|---|------------------|
| £000             |   | £000             |
| <b>(137,055)</b> | <b>Balance 1 April</b>  | <b>(138,468)</b> |
| (14,638)         | Upward revaluation of assets  | (20,949)         |
| 10,440           | Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services           | 3,928            |
| <b>(4,198)</b>   | <b>Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services</b> | <b>(17,021)</b>  |
| 1,847            | Difference between fair value depreciation and historical cost depreciation   | 1,641            |
| 939              | Accumulated gains on assets sold or scrapped  | 995              |
| <b>2,786</b>     | <b>Amount written off to the Capital Adjustment Account</b>   | <b>2,636</b>     |
| <b>(138,468)</b> | <b>Balance 31 March</b>   | <b>(152,853)</b> |

The Revaluation Reserve contains the gains made by the authority arising from increases in the value of its property, plant and equipment and intangible assets.

The balance is reduced when assets with accumulated gains are:

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

The Reserve contains only revaluation gains accumulated since 1 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.

During 2023/2024 Property Plant and Equipment has been revalued upwards by a net movement of £17.021 million. This revaluation is included within the Property, Plant and Equipment (PPE) disclosure, **Note 14**. These revaluations are not recognised within the Provision of Services section

of the Comprehensive Income and Expenditure Statement until the asset is disposed of and the gain is achieved. The net revaluation gain is included within the lower part of the note in the section titled Other Comprehensive Income and Expenditure.

### Pooled Investment Funds Adjustment Account

| 31 March 2023 |   | 31 March 2024 |
|---------------|---|---------------|
| £000          |   |               |
| (350)         | <b>Balance 1 April</b>                      | <b>3,797</b>  |
| 4,148         | Changes in fair value of pooled investments | (250)         |
| <b>3,797</b>  | <b>Balance 31 March</b>                     | <b>3,547</b>  |

The Pooled Investment Funds Adjustment Account contains the gains or losses made by the authority arising from increases or decreases in the value of its Pooled Investment Fund investments that are measured at fair value through profit and loss. A statutory provision requires the authority to hold fair value movements in this unusable reserve.

### Capital Adjustment Account

| 31 March 2023    |  | 31 March 2024    |
|------------------|--|------------------|
| £000             |  | £000             |
| (460,583)        | <b>Balance 1 April</b>   | (469,095)        |
| 21,871           | Charges for depreciation and impairment of non-current assets  | 22,431           |
| (444)            | Revaluation losses on non-current assets   | (6,122)          |
| 2,097            | Amortisation of intangible assets  | 2,305            |
| 13,289           | Revenue expenditure funded from capital under statute  | 26,699           |
| 2,171            | 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 | 8,515            |
| <b>38,984</b>    | <b>Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</b>                       | <b>53,828</b>    |
| (1,847)          | Adjusting Amounts written out of the Revaluation Reserve   | (1,641)          |
| <b>37,137</b>    | <b>Net written out amount of the cost of non-current assets consumed in the year</b>   | <b>52,187</b>    |
| (1,552)          | Use of Capital Receipts Reserve to finance new capital expenditure   | (3,616)          |
| (33,450)         | Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing              | (69,012)         |
| (4,392)          | Statutory provision for the financing of capital investment charged against the General Fund and HRA balances  | (4,858)          |
| (6,827)          | Capital expenditure charged against the General Fund and HRA balances  | (5,877)          |
| <b>(46,221)</b>  | <b>Capital financing applied in year:</b>  | <b>(83,364)</b>  |
| 1,534            | Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement                         | (4,958)          |
| (962)            | Movement in the donated assets account credited to the Comprehensive Income and Expenditure Statement  | 0                |
| <b>(469,096)</b> | <b>Balance 31 March</b>  | <b>(505,229)</b> |

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (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 also revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007 (the date that the Revaluation Reserve was created to hold such gains). **Note 9** provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

### Pension Reserve

| 31 March 2023  |  | 31 March 2024 |
|----------------|--|---------------|
| £000           |  | £000          |
| <b>371,178</b> | <b>Balance 1 April</b>   | 92,824        |
| (278,051)      | Remeasurements of the net defined benefit (liability)/asset  | (13,080)      |
| 24,338         | 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 | 13,327        |
| (24,641)       | Employer's pensions contributions and direct payments to pensioners payable in the year  | (21,339)      |
| <b>92,823</b>  | <b>Balance 31 March</b>  | <b>71,731</b> |

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 Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

The Pensions Reserve fell by £21.092 million during 2023/2024. The table reconciles the movement which is explained in more detail within **Note 39**.

### Deferred Capital Receipts Reserve

| 31 March 2023 |   | 31 March 2024 |
|---------------|---|---------------|
| £000          |   | £000          |
| <b>(378)</b>  | <b>Balance 1 April</b>  | (371)         |
| 7             | Transfer to the Capital Receipts Reserve upon receipt of cash | 7             |
| <b>(371)</b>  | <b>Balance 31 March</b>                                       | <b>(364)</b>  |

The Council holds a balance of Long Term Debtors and a matching balance relating to Deferred Capital Receipts. These balances relate to mortgages arising from the sale of Council houses which are not immediately payable, but are repayable over a longer period and in respect of a finance lease, and the sale of an Investment Property, Employment Land at Wootton which is now fully paid. When principal payments are received the Long Term Debtor is reduced and a matching amount is transferred from Deferred Capital Receipts to Capital Receipts Reserve. However, for finance leases in existence before 31 March 2010 statutory mitigation (SI 2010/454) applies whereby principal payments are classified as revenue (not capital), as such a matching amount is transferred from Deferred Capital Receipts to the Comprehensive Income and Expenditure Statement.

#### Collection Fund Adjustment Account

| 31 March 2023  |   | 31 March 2024  |
|----------------|---|----------------|
| £000           |   | £000           |
| 873            | <b>Balance 1 April</b>  | (2,295)        |
| (3,168)        | Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements | (912)          |
| <b>(2,295)</b> | <b>Balance 31 March</b>   | <b>(3,207)</b> |

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and Non-Domestic Rates income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax and Business ratepayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

## Note 24 - Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

| 31 March 2023 |                   | 31 March 2024 |
|---------------|-------------------|---------------|
| £000          |                   | £000          |
| (2,861)       | Interest received | (2,860)       |
| 3,510         | Interest paid     | 3,204         |
| <b>649</b>    | <b>Total</b>      | <b>344</b>    |

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

| 31 March 2023   |  | 31 March 2024 |
|-----------------|--|---------------|
| £000            |  | £000          |
| (21,871)        | Depreciation   | (22,431)      |
| 444             | Impairment and downward valuations   | 6,121         |
| (2,097)         | Amortisation   | (2,305)       |
| 8,976           | (Increase)/decrease in creditors   | 4,286         |
| (8,210)         | Increase/(decrease) in debtors   | 20,489        |
| 303             | Movement in pension liability  | 8,012         |
| (3,100)         | Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised | (9,510)       |
| 771             | Other non-cash movements charged to the surplus or deficit on provision of services              | 7,479         |
| <b>(24,785)</b> | <b>Total</b>   | <b>12,142</b> |



The surplus or deficit on the provision of services has been adjusted for the following items which are investing and financing activities:

| 31 March 2023 |  | 31 March 2024 |
|---------------|--|---------------|
| £000          |  | £000          |
| 1,545         | Proceeds from the sale of property, plant and equipment, investment property and intangible assets | 3,608         |
| 16,151        | Any other items for which the cash effects are investing or financing cash flows                   | 37,526        |
| <b>17,697</b> | <b>Total</b>   | <b>41,135</b> |

## Note 25 - Cash Flow from Investing Activities

| 31 March 2023 |  | 31 March 2024 |
|---------------|--|---------------|
| £000          |  | £000          |
| 41,724        | Purchase of property, plant and equipment, investment property and intangible assets               | 71,131        |
| 64,000        | Purchase of short-term and long-term investments   | 1,000         |
| (1,552)       | Proceeds from the sale of property, plant and equipment, investment property and intangible assets | (3,616)       |
| (63,000)      | Proceeds from short-term and long-term investments   | (12,000)      |
| (25,282)      | Other receipts from investing activities   | (41,144)      |
| <b>15,889</b> | <b>Net cash flows from investing activities</b>  | <b>15,372</b> |

## Note 26 - Cash Flow from Financing Activities

| 31 March 2023 |  | 31 March 2024   |
|---------------|--|-----------------|
| £000          |  | £000            |
| 0             | Cash receipts of short term and long term borrowing  | (84,600)        |
| 219           | Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts | 69              |
| 5,368         | Repayments of short-term and long-term borrowing   | 56,720          |
| (2,528)       | Other payments / (receipts) for financing activities   | 2,317           |
| <b>3,059</b>  | <b>Net cash flows from financing activities</b>  | <b>(25,494)</b> |

## Note 27 - Agency Services

The Council provides services on behalf of other public bodies on an Agency basis. The income and expenditure recognised in the accounts is only those elements relating to the Council, and not income and expenditure relating to third parties. The significant Agency Services are shown in the table below, with the exception of Business Rates and Council Tax Collection (which are shown as a separate note).

| 2022/23  | Payroll Services                                     | 2023/24  |
|----------|--|----------|
| £000     |  | £000     |
| (63,696) | Income   | (91,639) |
| 63,696   | Expenditure  | 91,639   |
| <b>0</b> | <b>Net Surplus/Deficit on the Agency Arrangement</b> | <b>0</b> |

## Note 28 - Pooled Budgets

### Better Care Fund

From the 1st April 2015, Bedfordshire CCG entered into a section 75 pooled fund agreement with Bedford Borough Council for the Better Care Fund (BCF). Bedford Borough Council provides financial management for this Pooled Fund.

The BCF is a policy initiative between local authorities, CCG's and NHS providers which has resulted in pooled funds being used to jointly commission or deliver health and social care. Apart from the integrated equipment store arrangements, the terms of the Section 75 agreement means that contracts are stand-alone with financial risk being retained by the lead body. In relation to the equipment store, the arrangement is hosted by Central Bedfordshire Council and accounted for as a pooled budget.

The Clinical Commissioning Group and Bedford Borough Council have signed a Framework Partnership Agreement relating to the BCF and commissioning of health and social care services. The agreement has established a Partnership Board with joint membership from each organisation. The Partnership Board determines which schemes are funded in the CCH locality. Each partner then manages the contracts with their own providers of Better Care Fund services and each partner retains any financial risk relating to those contracts.

| 2022/23         | Better Care Fund                                       | 2023/24         |
|-----------------|--|-----------------|
| £000            |  | £000            |
| (11,854)        | Authority Funding                                      | (13,856)        |
| (5,653)         | Partner Funding  | (5,980)         |
| <b>(17,507)</b> | <b>Total Pooled Funding</b>                            | <b>(19,836)</b> |
| 11,651          | Authority Expenditure                                  | 14,009          |
| 5,653           | Partner Expenditure                                    | 5,980           |
| <b>17,304</b>   | <b>Expenditure</b>                                     | <b>19,989</b>   |
| <b>(203)</b>    | <b>Net (Surplus)/Deficit on the Pooled Budget</b>      | <b>153</b>      |
| <b>(203)</b>    | <b>Authority Share of the Net (Surplus) / Deficit</b>  | <b>153</b>      |
| <b>0</b>        | <b>Partner Share of the Net (Surplus) / Deficit</b>    | <b>0</b>        |
| <b>(2,436)</b>  | <b>Authority Share Accumulated (Surplus) / Deficit</b> | <b>(2,283)</b>  |
| <b>(400)</b>    | <b>Partner Share Accumulated (Surplus) / Deficit</b>   | <b>(400)</b>    |

Includes all elements of the Better Care Fund, including Disabled Facilities Capital Grant and Winter Pressure Grant.

## Note 29 - Members' Allowances

| 31 March 2023 |                           | 31 March 2024 |      |
|---------------|---------------------------|---------------|------|
| £000          |                           |               | £000 |
| 659           | Allowances                |               | 761  |
| 659           | Total Members' Allowances |               | 761  |

## Note 30 - Officers' Remuneration

The table below discloses details of individual remuneration for senior employees of the Authority. Staff whose salary is above £150,000 are named, otherwise they are listed by way of Job Title. Senior employees are defined as designated Head of Paid Service, (Chief Executive) and direct reports. The remuneration paid to the Council's senior employees is as follows:

### Senior Officer Remuneration

|   |                | Salary, Fees<br>and<br>Allowances<br>£ | Pension<br>Contributi<br>on<br>£ | Total<br>£       |
|---|----------------|--|----------------------------------|------------------|
| <b>Chief Executive</b>  | <b>2023/24</b> | <b>173,773</b>                         | <b>35,163</b>                    | <b>208,935</b>   |
|   | <b>2022/23</b> | 171,275                                | 32,714                           | 203,989          |
| <b>Director of Children's Services</b>                                      | <b>2023/24</b> | <b>23,675</b>                          | <b>4,746</b>                     | <b>28,421</b>    |
| Left 11 June 2023   | <b>2022/23</b> | 118,653                                | 22,651                           | 141,303          |
| <b>Interim Director of Children's Services</b>                              | <b>2023/24</b> | <b>101,521</b>                         | <b>22,497</b>                    | <b>124,018</b>   |
| Started in role 1 June 2023   | <b>2022/23</b> | 0                                      | 0                                | 0                |
| <b>Director of Adult Services</b>   | <b>2023/24</b> | <b>137,924</b>                         | <b>27,358</b>                    | <b>165,282</b>   |
|   | <b>2022/23</b> | 133,299                                | 25,460                           | 158,759          |
| <b>Director of Environment</b>  | <b>2023/24</b> | <b>156,529</b>                         | <b>0</b>                         | <b>156,529</b>   |
|   | <b>2022/23</b> | 151,662                                | 0                                | 151,662          |
| <b>Director of Public Health</b>  | <b>2023/24</b> | <b>128,907</b>                         | <b>25,642</b>                    | <b>154,548</b>   |
|   | <b>2022/23</b> | 124,899                                | 23,856                           | 148,755          |
| <b>Assistant Chief Executive (Finance)</b>                                  | <b>2023/24</b> | <b>107,396</b>                         | <b>22,396</b>                    | <b>129,792</b>   |
| Started 1 November 2022   | <b>2022/23</b> | 43,753                                 | 8,357                            | 52,109           |
| <b>Assistant Chief Executive (Finance)</b>                                  | <b>2023/24</b> | <b>0</b>                               | <b>0</b>                         | <b>0</b>         |
| Left 31 October 2022  | <b>2022/23</b> | 69,624                                 | 13,298                           | 82,923           |
| <b>Chief Officer for Legal, Performance and Democratic Services</b>         | <b>2023/24</b> | <b>73,351</b>                          | <b>14,589</b>                    | <b>87,940</b>    |
| Started 30 January 2023. Left 7 January 2024                                | <b>2022/23</b> | 15,917                                 | 3,040                            | 18,958           |
| <b>Interim Chief Officer for Legal, Performance and Democratic Services</b> | <b>2023/24</b> | <b>27,641</b>                          | <b>5,501</b>                     | <b>33,142</b>    |
| Started in role 23 December 2023  | <b>2022/23</b> | 0                                      | 0                                | 0                |
| <b>Director of Corporate Services</b>                                       | <b>2023/24</b> | <b>136,372</b>                         | <b>27,127</b>                    | <b>163,498</b>   |
| Left 31 March 2024  | <b>2022/23</b> | 132,132                                | 25,237                           | 157,369          |
| <b>Total in 2023/24</b>   |                | <b>1,067,089</b>                       | <b>185,017</b>                   | <b>1,252,106</b> |
| <b>Total in 2022/23</b>   |                | 961,214                                | 154,612                          | 1,115,826        |

The pension contribution is based on the Actuarial calculation of the current cost of pensions which is set out in the Triennial Valuation Report. This employer's contributions is 19.9% of salary costs for 2023/2024 for those paying into the Local Government Pension Scheme (19.1% in 2022/2023).

The role of Director of Public Health transferred to Local Government from 1 April 2013. The Director of Public Health is jointly funded with Central Bedfordshire Council and Milton Keynes Council. Bedford Borough Council contributes 27% of the post's salary (27% in 2022/2023).

The Council's employees receiving more than £50,000 remuneration for the year (excluding employer's pension contribution) were paid the following amounts:

| Officer Remuneration | Number of Employees |            |
|----------------------|---------------------|------------|
|                      | 2022/23             | 2023/24    |
| £50,001 to £55,000   | 64                  | 81         |
| £55,001 to £60,000   | 55                  | 57         |
| £60,001 to £65,000   | 11                  | 25         |
| £65,001 to £70,000   | 25                  | 15         |
| £70,001 to £75,000   | 4                   | 4          |
| £75,001 to £80,000   | 4                   | 7          |
| £80,001 to £85,000   | 12                  | 8          |
| £85,001 to £90,000   | 4                   | 14         |
| £90,001 to £95,000   | 1                   | 4          |
| £95,001 to £100,000  | 7                   | 0          |
| £100,001 to £105,000 | 1                   | 9          |
| £110,001 to £115,000 | 0                   | 3          |
| £115,001 to £120,000 | 1                   | 1          |
| £120,001 to £125,000 | 1                   | 1          |
| £125,001 to £130,000 | 0                   | 1          |
| £130,001 to £135,000 | 2                   | 0          |
| £135,001 to £140,000 | 0                   | 2          |
| £150,001 to £155,000 | 1                   | 0          |
| £155,001 to £160,000 | 0                   | 1          |
| £170,001 to £175,000 | 1                   | 0          |
| £180,001 to £185,000 | 0                   | 1          |
| <b>Total</b>         | <b>194</b>          | <b>234</b> |

- The table includes those employees specifically reported in the previous table.
- Bands with no employees in that range are omitted.
- Teaching Staff (Community and VC Schools only) are included.
- Remuneration includes redundancy cost, but excludes pension contributions.

## Exit Packages

| Exit package cost band (including special payments)        | 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 |                |
|--|-----------------------------------|----------|-----------------------------------|-----------|--|-----------|--|----------------|
|  | 2023/24                           | 2022/23  | 2023/24                           | 2022/23   | 2023/24                                    | 2022/23   | 2023/24                                  | 2022/23        |
|  |                                   |          |                                   |           |  |           | £000                                     | £000           |
| £0 – £20,000   | 3                                 | 6        | 13                                | 13        | 16   | 19        | 35,903                                   | 143,243        |
| £20,001 – £40,000  | 0                                 | 0        | 4                                 | 1         | 4  | 1         | 96,968                                   | 39,752         |
| £40,001 – £60,000  | 0                                 | 0        | 0                                 | 1         | 0  | 1         | 0  | 50,679         |
| £60,001 – £80,000  | 0                                 | 0        | 2                                 | 1         | 2  | 1         | 143,933                                  | 79,110         |
| £80,001 – £100,000   | 0                                 | 0        | 0                                 | 0         | 0  | 0         | 0  | 0              |
| £100,001 – £150,000  | 0                                 | 0        | 1                                 | 0         | 1  | 0         | 137,792                                  | 0              |
| £150,001 – £200,000  | 0                                 | 0        | 0                                 | 0         | 0  | 0         | 0  | 0              |
| £200,001 – £250,000  | 0                                 | 0        | 0                                 | 0         | 0  | 0         | 0  | 0              |
| £250,001 – £300,000  | 0                                 | 0        | 0                                 | 0         | 0  | 0         | 0  | 0              |
| £300,001 – £350,000  | 0                                 | 0        | 0                                 | 0         | 0  | 0         | 0  | 0              |
| <b>Total</b>   | <b>3</b>                          | <b>6</b> | <b>20</b>                         | <b>16</b> | <b>23</b>                                  | <b>22</b> | <b>414,596</b>                           | <b>312,784</b> |
| Add: Amounts provided for in CIES not included in bandings |                                   |          |                                   |           |  |           | 0  | 0              |
| <b>Total cost included in CIES</b>                         |                                   |          |                                   |           |  |           | <b>414,596</b>                           | <b>312,784</b> |

Exit package are recognised during the year in which the Council has agreed them, i.e. those packages for which the authority is demonstrably committed. This means there can be differences between amounts accrued and the actual cost incurred.

The 'other departures' column includes a number of voluntary redundancies, which mitigated the need for compulsory redundancies.

## Note 31 - External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors.

| 2022/23    |  | 2023/24    |      |
|------------|--|------------|------|
|            | £000   |            | £000 |
| 256        | Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year | 220        |      |
| 73         | *Fees payable in respect of other services provided by external auditors during the year                                   | 78         |      |
| <b>329</b> | <b>Total</b>   | <b>298</b> |      |

\*Includes £31,000 for the Teachers Pensions Audit and £46,900 for the Housing Benefit certification (2022/2023 £11,500 for the Teachers Pensions Audit and £61,500 for the Housing Benefit certification).

## Note 32 - 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 for 2023/24 are as follows:

| Notes | DSG Receivable for 2023/24                                | Central<br>Expenditure<br>£000 | Individual<br>Schools Budget<br>£000 | Total<br>£000  |
|-------|---|--------------------------------|--------------------------------------|----------------|
| A     | Final DSG for year before Academies recoupment            |                                |                                      | 203,180        |
| B     | Academy figure recouped for year                          |                                |                                      | (104,389)      |
| C     | Total DSG after academy recoupment                        |                                |                                      | <b>98,791</b>  |
| D     | Plus: Brought forward from previous year                  |                                |                                      | 3,007          |
| E     | Less: Carry forward to following year (agreed in advance) |                                |                                      | 0              |
| F     | Agreed initial budgeted distribution in year              | <b>31,835</b>                  | <b>69,964</b>                        | <b>101,798</b> |
| G     | In year adjustments                                       | 0                              | 110                                  | 110            |
| H     | Final budget distribution for year                        | <b>31,835</b>                  | <b>70,074</b>                        | <b>101,909</b> |
| I     | Less: Actual central expenditure                          | (30,882)                       |                                      | (30,882)       |
| J     | Less: Actual ISB deployed to schools                      |                                | (69,821)                             | (69,821)       |
| K     | Plus: Local Authority contribution for year               | 0                              | 0                                    | 0              |
| L     | <b>Carry forward to 2024/25</b>                           | <b>953</b>                     | <b>253</b>                           | <b>1,206</b>   |
| M     | <b>Carry forward to 2024/25 already agreed</b>            |                                |                                      | <b>0</b>       |
| N     | <b>Total carry forward</b>                                |                                |                                      | <b>1,206</b>   |

| Notes | DSG Receivable for 2022/23                                | Central<br>Expenditure<br>£000 | Individual<br>Schools Budget<br>£000 | Total<br>£000 |
|-------|---|--------------------------------|--------------------------------------|---------------|
| A     | Final DSG for year before Academies recoupment            |                                |                                      | 189,521       |
| B     | Academy figure recouped for year                          |                                |                                      | (95,832)      |
| C     | Total DSG after academy recoupment                        |                                |                                      | <b>93,689</b> |
| D     | Plus: Brought forward from previous year                  |                                |                                      | 2,228         |
| E     | Less: Carry forward to following year (agreed in advance) |                                |                                      | (250)         |
| F     | Agreed initial budgeted distribution in year              | <b>28,809</b>                  | <b>66,858</b>                        | <b>95,667</b> |
| G     | In year adjustments                                       | 0                              | (64)                                 | (64)          |
| H     | Final budget distribution for year                        | <b>28,809</b>                  | <b>66,794</b>                        | <b>95,603</b> |
| I     | Less: Actual central expenditure                          | (26,900)                       |                                      | (26,900)      |
| J     | Less: Actual ISB deployed to schools                      |                                | (65,946)                             | (65,946)      |
| K     | Plus: Local Authority contribution for year               | 0                              | 0                                    | 0             |
| L     | <b>Carry forward to 2023/24</b>                           | <b>1,909</b>                   | <b>848</b>                           | <b>2,757</b>  |
| M     | <b>Carry forward to 2023/24 already agreed</b>            |                                |                                      | <b>250</b>    |
| N     | <b>Total carry forward</b>                                |                                |                                      | <b>3,007</b>  |



- A: Final DSG figure before any amount has been recouped from the authority, excluding the early years block adjustment.
- B: Figure recouped from the authority 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.
- D: Figure brought forward
- E: Any amount which the authority decided after consultation with the schools forum to carry forward rather than distribute in the year.
- F: Budgeted distribution of DSG, adjusted for carry-forward, as agreed with the schools forum.
- G: Changes to the initial distribution, for example, adjustments for exclusions, or final early years block adjustment.
- H: Budgeted distribution of DSG as at the end of the financial year.
- I: Actual amount of central expenditure items in the year
- J: Amount of ISB actually distributed to schools (ISB is regarded for DSG purposes as spent by the authority once it is deployed to schools' budget shares).
- K: Any contribution from the local authority in the year which will have the effect of substituting for DSG in funding the Schools Budget.
- L: In year carry-forward
- M: Plus/minus any carry-forward already agreed.
- N: Total is carry-forward on central expenditure plus carry-forward on ISB plus/minus any carry-forward already agreed.

## Note 33 - Grant Income

### Grant Income Credited to Taxation and non-specific Grant Income and Expenditure

| 31 March 2023   |  | 31 March 2024   |      |
|-----------------|--|-----------------|------|
|                 | £000   |                 | £000 |
| (6,077)         | Revenue Support Grant                                | (6,937)         |      |
| (7,865)         | Section 31 Grant                                     | (14,249)        |      |
| (3,025)         | New Homes Bonus Grant                                | (971)           |      |
| (4,400)         | DLUHC Local Authority Support Grant                  | (4,996)         |      |
| (6,626)         | Department for Transport                             | (5,788)         |      |
| (5,654)         | Community Infrastructure Levy                        | (4,140)         |      |
| (1,411)         | Section 106 Developer Contributions                  | (11,220)        |      |
| (1,104)         | Other Grants & Contributions                         | (1,382)         |      |
| (4,142)         | Department for Education                             | (11,555)        |      |
| (190)           | Department for Levelling Up, Housing and Communities | (3,442)         |      |
| (1,283)         | Donated Asset – Land at former Robert Bruce site     | 0               |      |
| <b>(41,775)</b> | <b>Total</b>   | <b>(64,680)</b> |      |

## Credited to Services

| 31 March 2023    |   | 31 March 2024    |
|------------------|---|------------------|
| £000             |   | £000             |
| (93,591)         | Dedicated Schools Grants  | (98,777)         |
| (38,985)         | Housing and Council Tax Benefit Administration and other<br>Department for Work & Pensions Grants | (43,053)         |
| (8,818)          | Department for Education  | (12,218)         |
| (9,159)          | Public Health Grant   | (9,457)          |
| (5,920)          | Other Revenue Grants  | (9,815)          |
| (3,905)          | Department for Health and Social Care   | (3,879)          |
| (13,306)         | Department for Levelling Up, Housing and Communities  | (10,442)         |
| (7,688)          | REFCUS - Department for Education   | (21,599)         |
| (143)            | REFCUS – S106 Developer Contributions   | (369)            |
| (73)             | REFCUS - Other Grants & Contributions   | (47)             |
| (601)            | REFCUS – Historic England   | (439)            |
| (4,258)          | REFCUS – DLUHC  | (1,935)          |
| <b>(186,445)</b> | <b>Total</b>  | <b>(212,030)</b> |

## Grants Receipts in Advance (Capital Grants) - Long Term Liabilities

| 31 March 2023   |  | 31 March 2024   |
|-----------------|--|-----------------|
| £000            |  | £000            |
| (84)            | Homes & Community Agency - Growth Area Funding       | (84)            |
| (303)           | Homes & Community Agency - Gypsy & Traveller Sites   | 0               |
| (3,190)         | Department for Education                             | (3,013)         |
| (1,410)         | Department for Transport                             | (2,378)         |
| (16,081)        | Section 106 Contributions                            | (16,243)        |
| (365)           | Section 278 Contributions                            | (408)           |
| (2,436)         | Better Care Fund                                     | (2,283)         |
| (3,781)         | Department for Levelling Up, Housing and Communities | (5,897)         |
| 0               | Salix Grant  | (885)           |
| (222)           | Other Grants   | (297)           |
| <b>(27,871)</b> | <b>Total</b>   | <b>(31,489)</b> |

## Note 34 - 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.

### Central Government

Central Government has effective control over the general operations of the Council, as 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. Council Tax bills, Housing Benefits). Grants received from government departments are set out in the subjective analysis in **Note 8**. Grant receipts not yet recognised as income in the Comprehensive Income and Expenditure Statement is shown in **Note 33**.

## Members

Members of the council have direct control over the Council's financial and operating policies. The total of members' allowances paid is shown in **Note 29**. A number of members are school governors, appointed Town and Parish Council members or members of Bedfordshire Fire & Rescue Authority. Given the nature of governance arrangements in place they are not considered to control or significantly influence any of these public bodies. For transparency a list of members who are also on Parish Councils that have had transactions with Bedford Borough Council during 2023/2024 is listed below:

| Member   | Parish Council | Expenditure | Income  |
|--|----------------|-------------|---------|
| Councillor Abbott<br>Councillor Walker   | Oakley         | £2,462      | £14,203 |
| Councillor Abbott  | Pavenham       | £2,019      | £1,889  |
| Councillor Coombes   | Wixams         | £5,041      | £2,214  |
| Councillor Gambold   | Biddenham      | £170,349    | £108    |
| Councillor Gallagher   | Shortstown     | £2,932      | £7,985  |
| Councillor Abood   | Kempston Rural | £6,125      | £316    |
| Councillor Nawaz<br>Councillor White<br>Councillor Masud<br>Councillor Meader<br>Councillor Oliver | Kempston Town  | £2,419      | £21,078 |
| Councillor Weir  | Great Denham   | £0          | £1,898  |
| Councillor Frost   | Wilshamstead   | £49,331     | £0      |
| Councillor Wheeler   | Wootton        | £29,996     | £18,504 |
| Councillor McMurdo   | Sharnbrook     | £94,341     | 0       |
| Councillor Foster  | Bletsoe        | £1,100      | £1,539  |
| Councillor Gribble   | Renhold        | £29,431     | £137    |
| Councillor Towler  | Thurleigh      | £7,696      | £46     |
| Councillor Sultan  | Elstow         | £1,000      | £3,048  |
| Mayor Wootton  | Ravensden      | £87,500     | £46     |

There were no other interests of a material nature declared during the year.

## Officers

There were no interests of a material nature declared during the year. For completeness the following transactions with related parties did take place:

The Director of Childrens is also a Director of The Association of Directors of Children's Services Ltd. The Council made payments of £7,255 to the body in 2023/2024 (£3,505 in 2022/2023).

Bedford Borough Council charged The Association of Directors of Children's Services £900 (Nil in 2022/2023) for services provided.

### Other Public Bodies

The Council has one pooled budget arrangements which is detailed in **Note 28** relating to provision of Social Care Services. The Other Public Bodies involved in these arrangements are Bedfordshire Clinical Commissioning Group (BCCG) and Central Bedfordshire.

### Pension Fund

Pension Fund details are set out in the Pension Fund section of this document. The Pension Fund has a separate bank account and therefore has no cash deposited with the Council. The Council charged the Fund £1.644 million in 2023/2024 (£1.499 million in 2022/2023) for expenses incurred in administering the Fund.

As at 31 March 2024, the amount due to the Council from the Pension Fund was £0.456 million for administration services (£0.704 million as at 31 March 2023); with £2.433 million being owed by the Council to the Pension Fund for March pension contributions and the VAT which has been reclaimed on their behalf (£1.972 million as at 31 March 2023).

### Entities Controlled or Significantly Influenced by the Council

The Council has interests in entities that have the controlling nature of subsidiaries. There is one material trust funds, the House of Industry, which has its current assets, liabilities, income and expenditure disclosed within **Note 44**.

The following members have served as Trustees during the year:

Councillor Vann, Councillor C Roydon, Councillor Meader, Councillor Atkins, Councillor Coombes, Councillor Sultan

The most significant transaction during 2023/2024 between the Council and this entity was a payment of £0.058 million to House of Industry for the rent of St Peter's car park (£0.061 million in 2022/2023).

### Benedict Bedford Limited (BBL)

The Council's has a wholly owned housing development company called Benedict Bedford Limited (BBL). The following Council employees are also directors of the company during the year:

- Laura Church (Chief Executive)
- Craig Austin (Director of Environment)

There were no transactions between the Council and BBL.

## Note 35 - 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 authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the authority that has yet to be financed. The CFR is analysed in the second part of this note.

| 31 March 2023   |   | 31 March 2024   |
|-----------------|---|-----------------|
| £000            |   | £000            |
| 140,078         | <b>Opening Capital Financing Requirement</b>          | 147,232         |
|                 | Capital Investment:                                   |                 |
| 38,904          | Property Plant and Equipment                          | 77,881          |
| 8               | Investment Property                                   | 410             |
| 1,174           | Intangible Assets                                     | 840             |
| 13,289          | Revenue Expenditure Funded from Capital Under Statute | 26,699          |
| <b>53,375</b>   | <b>Total Capital Spending</b>                         | <b>105,830</b>  |
|                 | Sources of Finance:                                   |                 |
| (1,552)         | Capital receipts                                      | (3,616)         |
| (33,450)        | Government Grants and other contributions             | (69,012)        |
|                 | Sums set aside from revenue:                          |                 |
| (6,827)         | - Direct revenue contributions                        | (5,877)         |
| (4,392)         | - Minimum revenue provision                           | (4,858)         |
| <b>(46,221)</b> | <b>Total Sources of Finance</b>                       | <b>(83,364)</b> |
| <b>147,232</b>  | <b>Closing Capital Financing Requirement</b>          | <b>169,699</b>  |

The below table explains how the movement in Capital Financing Requirement (CFR) has been financed by the Council. The level of unfinanced government supported CFR is expected to reduce year on year as no further government supported borrowing is anticipated. This means future capital investment will be financed by prudential borrowing or other forms of financial liabilities funded by Council Tax.

### Explanation of movements in year

| 31 March 2023 |  | 31 March 2024 |
|---------------|--|---------------|
| £000          |  | £000          |
| 2,593         | Increase in underlying need to borrow (supported by government financial assistance)   | 2,489         |
| 4,561         | Increase in underlying need to borrow (unsupported by government financial assistance) | 19,960        |
| <b>7,154</b>  | <b>Increase/(decrease) in Capital Financing Requirement</b>                            | <b>22,449</b> |

## Note 36 - Leases

### Council as Lessee

The Council has acquired a number of vehicles and equipment under finance leases. The assets acquired under these leases are classified as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

#### Authority as Lessee - Finance Leases

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

| 31 March 2023 |   | 31 March 2024 |
|---------------|---|---------------|
| £000          |   |               |
| 152           | Vehicles, Plant, Furniture, Equipment and Other | 140           |
| <b>152</b>    | <b>Total</b>                                    | <b>140</b>    |

The minimum lease payments are made up of the following amounts:

| 31 March 2023 |   | 31 March 2024 |
|---------------|---|---------------|
| £000          |   |               |
|               | <b>Finance lease liabilities (net present value of minimum lease payments):</b> |               |
| (78)          | - current   | (31)          |
| (47)          | - non-current   | (114)         |
| (14)          | Finance costs payable in future years   | (49)          |
| <b>(140)</b>  | <b>Minimum lease payments</b>   | <b>(194)</b>  |

The minimum lease payments will be payable over the following periods:

| Minimum Lease Payments |               | Finance Lease Liabilities |               |
|------------------------|---------------|---------------------------|---------------|
| 31 March 2023          | 31 March 2024 | 31 March 2023             | 31 March 2024 |
| £000                   |               | £000                      | £000          |
| (84)                   | (49)          | (78)                      | (31)          |
| (44)                   | (135)         | (38)                      | (106)         |
| (12)                   | (10)          | (9)                       | (7)           |
| <b>(140)</b>           | <b>(194)</b>  | <b>(126)</b>              | <b>(145)</b>  |

## Operating Leases

The Council has acquired a number of equipment by entering into operating leases, with typical lives of 3 - 5 years.

## Council as Lessor

### Finance Leases

The Council has one property leased to a third party which is classified as a finance lease. The lease agreement as at 31 March 2024 has a remaining term of 99 years.

The Council has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term. The residual value is considered to be immaterial and has therefore been ignored for the purpose of the calculation. The minimum lease payments comprises settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Council in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

### Authority as Lessor - Finance Leases

The gross investment is made up of the following amounts:

| 31 March 2023 |  | 31 March 2024 |
|---------------|--|---------------|
| £000          |  |               |
|               | <b>Finance lease debtor (net present value of minimum lease payments):</b> |               |
| 287           | - non-current  | 287           |
| <b>287</b>    | <b>Gross investment in the lease</b>                                       | <b>287</b>    |

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

| Gross Investment in the Lease |               |   | Minimum Lease Payments |               |
|-------------------------------|---------------|---|------------------------|---------------|
| 31 March 2023                 | 31 March 2024 |   | 31 March 2023          | 31 March 2024 |
| £000                          |               |   | £000                   |               |
| 0                             | 0             | Not later than one year                           | 23                     | 23            |
| 0                             | 0             | Later than one year and not later than five years | 92                     | 92            |
| 286                           | 286           | Later than five years                             | 2,180                  | 2,157         |
| <b>286</b>                    | <b>287</b>    | <b>Total</b>                                      | <b>2,294</b>           | <b>2,271</b>  |

## Operating Leases

The Council leases out property under operating leases for income generation, provision of community based facilities, provision of employment, business development opportunities and provision of specific services on behalf of the Council.



## Note 37 - Impairment Losses

The Code requires disclosure by class of assets of the amounts for impairment losses and impairment reversals charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure. There were no impairments during 2023/24 or 2022/23.

## Note 38 - Pension Schemes Accounted for as Defined Contribution Schemes

### Teachers' Pension Schemes

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' 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 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.

The Council is not liable to the scheme for any other entities obligations under the plan.

| Year                 | Retirement Contributions | Pensionable Pay |
|----------------------|--------------------------|-----------------|
| 2022/2023 (actual)   | £5.269 million           | 16.48%          |
| 2023/2024 (actual)   | £5.518 million           | 16.48%          |
| 2024/2025 (estimate) | £5.683 million           | 16.48%          |

### NHS Pension Schemes

Public Health officers employed by the Council are members of the NHS Pension Scheme, administered by the Department for Health. The Scheme provides officers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Health 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 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.

| Year                 | Retirement Contributions | Pensionable Pay |
|----------------------|--------------------------|-----------------|
| 2022/2023 (actual)   | £0.035 million           | 14.00%          |
| 2023/2024 (actual)   | £0.036 million           | 14.00%          |
| 2024/2025 (estimate) | £0.038 million           | 14.00%          |

The Council is not liable to the scheme for any other entities obligations under the plan.

## Note 39 - Defined Benefit Pension Scheme

### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to disclose payments which will be due at the time an employee earns their future entitlement.

The Council participates in one post-employment scheme:

- The Local Government Pension Scheme (LGPS), administered locally by Bedford Borough Council – is a funded defined benefit salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. From 1 April 2014 the scheme became Career Average Scheme (CARE). Benefits earned in the scheme before 1 April 2014 are protected so benefits up to that date will be based on the scheme member's final year's pay.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there is no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.
- The Bedfordshire Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of Bedford Borough Council. Policy is determined in accordance with the Pensions Fund Regulations. Further details can be obtained from the Pension Fund accounts starting on page 94.
- The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the General Fund the amounts required by statute as described in the accounting policies note.

### Discretionary Post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

### Transactions Relating to Post-employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The tables on the following page contain all transactions relating to the Bedfordshire Pension Fund for the 2023/2024 Financial Year and comparator figures for 2022/2023. This includes;

- Transactions included in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

- Movements in the Pensions Net (Liability)/Asset

### General Fund Transactions

| 2022/23   |   | 2023/24                |              |
|---|---|------------------------|--------------|
| Discretionary Benefits  |   | Discretionary Benefits |              |
| LGPS  | Arrangements  | LGPS                   | Arrangements |
| £000  | £000  | £000                   | £000         |
| <b>Comprehensive Income and Expenditure Statement</b>   |   |                        |              |
| <b>Cost of Services</b>   |   |                        |              |
|   | Service cost comprising:  |                        |              |
| 19,786  | 0 Current service cost  | 9,875                  | 0            |
| 128   | 0 Past service cost   | 140                    | 0            |
| 411   | 0 Administration expenses   | 673                    | 0            |
|   | Other Operating Expenditure:  |                        |              |
|   | Financing and Investment Income and Expenditure                                     |                        |              |
| 4,013   | 0 Net interest expense  | 2,639                  | 0            |
| <b>24,338</b>   | <b>0 Total charged to Surplus and Deficit on Provision of Services</b>              | <b>13,327</b>          | <b>0</b>     |
| <b>Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement</b> |   |                        |              |
| £000  | £000  | £000                   | £000         |
|   | Re-measurement of the net defined benefit liability comprising:                     |                        |              |
| 24,320  | 0 Return on plan assets (excluding the amount included in the net interest expense) | (38,243)               | 0            |
| 0   | 0 Actuarial gains and losses arising on changes in demographic assumptions          | (6,992)                | 0            |
| (376,313)   | 0 Actuarial gains and losses arising on changes in financial assumptions            | (4,344)                | 0            |
| 73,939  | 0 Other movements in the liability / (asset)  | 36,499                 | 0            |
| <b>(278,051)</b>  | <b>0 Total charged to Other Comprehensive Income and Expenditure Statement</b>      | <b>(13,080)</b>        | <b>0</b>     |
| <b>(253,713)</b>  | <b>0 Total charged to the Comprehensive Income and Expenditure Statement</b>        | <b>247</b>             | <b>0</b>     |

| 2022/23                               |   | 2023/24                |              |
|---------------------------------------|---|------------------------|--------------|
| Discretionary Benefits                |   | Discretionary Benefits |              |
| LGPS                                  | Arrangements  | LGPS                   | Arrangements |
| £000                                  | £000  | £000                   | £000         |
| <b>Movement in Reserves Statement</b> |   |                        |              |
| (24,338)                              | 0 Reversal of net charges made to the Surplus or Deficit on the Provision of Services | (13,327)               | 0            |
|                                       | Actual amount charged against the general fund balance for pensions in the year:      |                        |              |
| 23,990                                | 651 Employers' contributions payable to scheme  | 20,649                 | 690          |

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

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

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

| 2022/23   |                                     | Pensions Assets and Liabilities Recognised in the Balance Sheet     | 2023/24   |                                     |
|-----------|-------------------------------------|---|-----------|-------------------------------------|
| LGPS      | Discretionary Benefits Arrangements |   | LGPS      | Discretionary Benefits Arrangements |
| £000      | £000                                |   | £000      | £000                                |
| (603,677) | (6,810)                             | Present value of the defined obligation                             | (613,170) | (6,120)                             |
| 517,663   | 0                                   | Fair value of plan assets   | 582,112   | 0                                   |
| (86,014)  | (6,810)                             | Value of Assets / (Liabilities)                                     | (31,058)  | (6,120)                             |
| 0         | 0                                   | Other movements in the (liability) / asset                          | (34,554)  | 0                                   |
| (86,014)  | (6,810)                             | Net (liability) / asset arising from the defined benefit obligation | (65,612)  | (6,120)                             |

| 2022/23                |              | Movement in the Value of Scheme Assets   | 2023/24                |              |
|------------------------|--------------|--|------------------------|--------------|
| Discretionary Benefits |              |  | Discretionary Benefits |              |
| LGPS                   | Arrangements |  | LGPS                   | Arrangements |
| £000                   | £000         |  |                        |              |
| 519,347                | 0            | Opening fair value of scheme assets  | 517,663                | 0            |
| 19,791                 | 0            | Interest income  | 26,294                 | 0            |
|                        |              | Re-measurement gain / (loss):  |                        |              |
| (24,323)               | 0            | - The return on plan assets, excluding the amount included in the net interest expense | 38,243                 | 0            |
| 0                      | 0            | Other gains / (losses)   | 0                      | 0            |
| 23,990                 | 651          | Contributions from employer  | 20,649                 | 690          |
| 4,636                  | 0            | Contributions from employees into the scheme   | 4,859                  | 0            |
| (25,294)               | (651)        | Benefits / transfers paid  | (28,625)               | (690)        |
| (411)                  | 0            | Administration expenses  | (673)                  | 0            |
| (73)                   | 0            | Other  | 3,702                  | 0            |
| 517,663                | 0            | Closing value of scheme assets   | 582,112                | 0            |

## Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

| 2022/23          |                                     | Movements in the Fair Value of Scheme Liabilities                    | 2023/24          |                                     |
|------------------|-------------------------------------|--|------------------|-------------------------------------|
| LGPS             | Discretionary Benefits Arrangements |  | LGPS             | Discretionary Benefits Arrangements |
| £000             | £000                                |  | £000             | £000                                |
| <b>(883,064)</b> | <b>(7,461)</b>                      | <b>Opening balance at 1 April</b>                                    | <b>(603,677)</b> | <b>(6,810)</b>                      |
| (19,713)         | 0                                   | Current service cost   | (13,577)         | 0                                   |
| (23,804)         | 0                                   | Interest cost  | (28,933)         | 0                                   |
| (4,636)          | 0                                   | Contributions from scheme participants                               | (4,859)          | 0                                   |
|                  |                                     | Re-measurement gains and losses:                                     |                  |                                     |
| 0                | 0                                   | - Actuarial gains / (losses) from changes in demographic assumptions | 6,992            | 0                                   |
| 376,313          | 0                                   | - Actuarial gains / (losses) from changes in financial assumptions   | 4,344            | 0                                   |
| (73,939)         | 0                                   | - Other  | (1,945)          | 0                                   |
| (128)            | 0                                   | Past service cost  | (140)            | 0                                   |
| 25,294           | 651                                 | Benefits / transfers paid  | 28,625           | 690                                 |
| <b>(603,677)</b> | <b>(6,810)</b>                      | <b>Balance as at 31 March</b>  | <b>(613,170)</b> | <b>(6,120)</b>                      |

### LGPS - Pension Scheme - Assets comprised of:

#### Fair value of scheme assets

| 2022/23       |                |                | 2023/24       |                |                |
|---------------|----------------|----------------|---------------|----------------|----------------|
| Quoted        | Unquoted       | Total          | Quoted        | Unquoted       | Total          |
| £000          | £000           | £000           | £000          | £000           | £000           |
| 0             | 20,707         | 20,707         | 0             | 40,748         | 40,748         |
| 0             | 0              | 0              | 0             | 0              | 0              |
| 0             | 31,060         | 31,060         | 0             | 29,106         | 29,106         |
| 0             | 10,353         | 10,353         | 0             | 11,642         | 11,642         |
|               |                |                |               |                |                |
|               |                |                |               |                |                |
| 0             | 36,236         | 36,236         | 0             | 46,569         | 46,569         |
| 0             | 0              | 0              | 0             | 0              | 0              |
| 0             | 67,296         | 67,296         | 0             | 75,675         | 75,675         |
| <b>0</b>      | <b>103,533</b> | <b>103,533</b> | <b>0</b>      | <b>122,244</b> | <b>122,244</b> |
| 0             | 36,236         | 36,236         | 0             | 52,390         | 52,390         |
| 46,590        | 0              | 46,590         | 23,284        | 0              | 23,284         |
| 0             | 238,125        | 238,125        | 0             | 273,593        | 273,593        |
| 25,883        | 0              | 25,883         | 29,106        | 0              | 29,106         |
| <b>72,473</b> | <b>440,014</b> | <b>512,486</b> | <b>52,390</b> | <b>529,722</b> | <b>582,112</b> |

The significant assumptions used by the actuary have been:

| 2022/23  | LGPS                                    | 2023/24 |
|--|---|---------|
| Long term expected rate of return on assets    |   |         |
| 4.8%   | Bonds                                   | 4.90%   |
| 4.8%   | Real Estate                             | 4.90%   |
| 4.8%   | Private Equity                          | 4.90%   |
| 4.8%   | Investment Funds                        | 4.90%   |
| Mortality assumptions                          |   |         |
| Longevity at retirement for current pensioners |   |         |
| 21.4   | Men                                     | 21.1    |
| 24.2   | Women                                   | 23.9    |
| Longevity at retirement for future pensioners  |   |         |
| 22.4   | Men                                     | 22.2    |
| 25.8   | Women                                   | 25.5    |
| Other assumptions                              |   |         |
| 3.90%  | Rate of increase in salaries            | 3.95%   |
| 2.90%  | Rate of increase in pensions            | 2.95%   |
| 4.80%  | Rate for discounting scheme liabilities | 4.90%   |

Impact of assumptions on the obligation:

| Increase by 1% | LGPS                                    | Decrease by 1% |
|----------------|---|----------------|
| £000           | Assumption                              | £000           |
| 25,344         | Longevity +/- 1 year                    | (24,225)       |
| 608            | Rate of increase in salaries            | (602)          |
| 9,582          | Rate of increase in pensions            | (9,341)        |
| (9,752)        | Rate for discounting scheme liabilities | 10,008         |

### Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Borough Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 17 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2025. The authority anticipates to pay £20.029 million expected contributions to the scheme in 2024/2025.

## Note 40 - Contingent Liabilities

At 31 March 2024, the Council had no known material contingent liabilities

## Note 41 - Contingent Assets

At 31 March 2024, the Council had no known material contingent assets

## Note 42 - Nature and Extent of Risks Arising from Financial Instruments

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

- Credit risk – the possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council.
- Liquidity risk – the possibility that the Council might not have cash available to make contracted payments on time.
- Market risk – the possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

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

### Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by recognised credit rating agencies. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swaps and equity prices.

The credit criteria in respect of financial assets held by the Council are detailed below:

- Council investments are with Central Government, other Local Authorities or institutions with a high credit rating
- The Council considers the ratings of each of the three major credit rating agencies (Fitch, Moody's and Standard & Poors) in establishing the criteria that shall apply to its investment decisions; the lowest of the three ratings shall apply
- Fitch credit rating or equivalent has been determined by the Council to be the minimum long term credit rating as "high".
- The maximum that may be deposited with each institution is £5 million for secured deposit takers and Money Market Fund, £3 million for unsecured deposit takers. Further details on Sector Limits are detailed in the Treasury Management Strategy. There is no limit on the level of investment with Central Government.

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 internal ratings in accordance with parameters set by the Council.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies is negligible although they are used from time to time. The risk of any institution failing to



make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2024 that this was likely to crystallise.

No counterparty credit limits were exceeded during the reporting period, and furthermore the Council would not expect any investment losses from counterparties of fixed term deposits or bonds.

The Council does not enter into customer credit arrangements, and as such a significant amount (£10.221 million) of the total balance of £17.657 million is past its due date for payment. The outstanding amount can be analysed by age as follows:

| Credit Risk - Debtors  | 31 March 2023 | 31 March 2024 |
|------------------------|---------------|---------------|
|                        | £000          | £000          |
| Less than three months | 6,230         | 7,435         |
| Three to six months    | 1,156         | 1,509         |
| Six months to one year | 1,638         | 1,810         |
| More than one year     | 5,949         | 6,903         |
|                        | <b>14,973</b> | <b>17,657</b> |

### Liquidity risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available for operational requirements. If unexpected movements occur, the Council is capable of accessing short term funds from the money markets, Public Works Loan Board and other Local Authorities. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Nonetheless, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Council sets limits on the proportion of its fixed rate borrowing during specified periods. This is achieved using a strategy to ensure that not more than 15% of long term borrowing are due to mature within any one year through a combination of careful planning of new loans and assessing the potential to make early repayments. The maturity analysis of financial liabilities is set out in the following table:

| Liquidity Risk             | 31 March 2023   | 31 March 2024   |
|----------------------------|-----------------|-----------------|
|                            | £000            | £000            |
| Less than one year         | (5,351)         | (35,056)        |
| Between one and two years  | (1,740)         | (3,332)         |
| Between two and five years | (9,644)         | (11,198)        |
| More Than 5 Years          | (10,362)        | (11,293)        |
| More Than 10 years         | (33,142)        | (27,399)        |
|                            | <b>(60,239)</b> | <b>(88,278)</b> |

It is assumed that LOBO borrowing will continue to final maturity; these borrowings allow the lender to reset the interest rate on the loan every six months. The interest rate environment makes it more likely that the lender will exercise its option, and therefore trigger the repayment of these loans. The maturity data is therefore uncertain. All trade and other payables are due to be paid in less than one year.

Short Term Borrowing held of £32.777 million as at 31 March 2024 is for operational use, and is recycled on maturity in the liquid Local Authority market. As 2024/2025 evolves it is expected that the majority of this borrowing will be repaid.

### Market risk - Interest rate risk

The Council is exposed to risk 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 charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates – the fair value of the assets will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council's Annual Investment Strategy incorporates a number of measures to manage interest rate risk. The measures aim to keep a maximum of 75% of its net borrowings (by reference to the interest payable) in variable rate loans. 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. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Council's cost of borrowing and provide compensation for a proportion of any higher costs.

The Annual Investment Strategy incorporates active measures for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This strategy allows any adverse changes to be accommodated. The mechanism will also inform whether new borrowing taken out is fixed or variable.

According to this assessment strategy, at 31 March 2024, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

| <b>Market Risk - Interest Rate Risk</b>                      | <b>31 March 2024<br/>£000</b> |
|--|-------------------------------|
| Increase in interest payable on variable rate borrowings     | 0                             |
| Increase in interest receivable on variable rate investments | (591)                         |
| Increase in government grant receivable for financing costs  | (563)                         |
| Impact on Surplus or Deficit on the Provision of Services    | <b>(1,155)</b>                |

### Price risk

The council has investments in pooled funds through the purchase of shares in these funds, the shares are valued every business day and so the Council is exposed to movements in price.

The investments are classified as 'Fair Value through Profit and Loss', meaning that all movements in price will impact on gains and losses recognised in the Surplus or Deficit on the Provision of

Services. However a statutory override reverses the impact on the General Fund unless the investments are sold. A general shift of 5% in the general price of shares (positive or negative) would have resulted in a £1.673 million gain or loss being recognised in the Surplus or Deficit on the Provision of Services.

### Foreign exchange risk

The Council has no financial asset or liability held in foreign currency denominations, and thus has no exposure to any losses arising from movements in exchange rates.

## Note 43 - Heritage Assets Further Information

Heritage assets are assets that are held by the authority principally for their contribution to knowledge or culture.

The Council has reviewed the definition of heritage assets and has concluded that the Council has the following heritage assets that required reviewing:

- Historical assets held in Archives
- Art Gallery and Museum artefacts
- Mayor's Chain, Mace, and other Civic Regalia.

In line with the accounting policy on Heritage Assets, the Council has separately recognised some of these assets on its Balance Sheet. Some assets have not been recognised in the Balance Sheet due to the disproportionate cost of obtaining valuations. In addition to the above, there are some assets previously classified as Community Assets, for example: Bromham Mill, Moot Hall and Castle Mound.

| 2022/23<br>£000 |                        | 2023/24<br>£000 |
|-----------------|------------------------|-----------------|
| 6,554           | Opening Balance        | 6,554           |
| 0               | Other Movements        | 0               |
| <b>6,554</b>    | <b>Closing Balance</b> | <b>6,554</b>    |

## Note 44 - Trust Funds

The main funds for which the council acts as sole trustee are listed below. These are not assets of the Council and have not been included in the Balance Sheet.

### 2023/24

| Fund                     | Income<br>£000 | Expenditure<br>£000 | Assets<br>£000 | Liabilities<br>£000 |
|--------------------------|----------------|---------------------|----------------|---------------------|
| House of Industry Estate | (272)          | 205                 | 5,582          | (147)               |
| <b>Total</b>             | <b>(272)</b>   | <b>205</b>          | <b>5,582</b>   | <b>(147)</b>        |

### 2022/23

| Fund                     | Income<br>£000 | Expenditure<br>£000 | Assets<br>£000 | Liabilities<br>£000 |
|--------------------------|----------------|---------------------|----------------|---------------------|
| House of Industry Estate | (249)          | 340                 | 5,481          | (296)               |
| <b>Total</b>             | <b>(249)</b>   | <b>340</b>          | <b>5,481</b>   | <b>(296)</b>        |

### House of Industry Estate

Set up under the Bedford Corporation Act 1964, the estate owns significant land holdings, income from which (together with investment income) is used to provide financial assistance within the scheme approved by the Charity Commissioners. The current scheme was effective from 1 April 1988.

## Collection Fund

These accounts represent the transactions of the Collection Fund, which is a statutory fund under the provisions of the Local Government Finance Acts 1988, 1992 and 2012, and covers all Council Tax and National Non-Domestic Rates (NNDR). Bedford Borough being the billing authority maintains this account.

| 31 March 2023  |                  |                  |   | 31 March 2024   |                  |                  |  |
|--|------------------|------------------|---|-----------------|------------------|------------------|--|
| Business Rates   | Council Tax      | Total            | Collection Fund   | Business Rates  | Council Tax      | Total            |  |
| £000   | £000             | £000             |   | £000            | £000             | £000             |  |
| <b>INCOME:</b>   |                  |                  |   |                 |                  |                  |  |
|  | (129,238)        | (129,238)        | Council Tax Receivable  |                 | (135,822)        | (135,822)        |  |
| (67,813)   |                  | (67,813)         | Business Rates Receivable   | (74,211)        |                  | (74,211)         |  |
| 58   |                  | 58               | Transitional Protection Payments Receivable   | (7,917)         |                  | (7,917)          |  |
| <b>(67,755)</b>  | <b>(129,238)</b> | <b>(196,993)</b> | <b>Total amounts to be credited</b>   | <b>(82,128)</b> | <b>(135,822)</b> | <b>(217,950)</b> |  |
| <b>EXPENDITURE:</b>  |                  |                  |   |                 |                  |                  |  |
| <b>Apportionment of Previous Year Surplus/Deficit:</b>                                   |                  |                  |   |                 |                  |                  |  |
| (4,314)  |                  | (4,314)          | Central Government  | 952             |                  | 952              |  |
| (4,228)  | 3,521            | (707)            | Bedford Borough Council   | 933             | 1,261            | 2194             |  |
| (86)   | 217              | 131              | Bedfordshire Fire & Rescue Authority  | 19              | 76               | 95               |  |
|  | 484              | 484              | Police & Crime Commissioner for Bedfordshire  |                 | 175              | 175              |  |
| <b>Precepts, demands and shares:</b>   |                  |                  |   |                 |                  |                  |  |
| 32,467   |                  | 32,467           | Central Government  | 40,691          |                  | 40,691           |  |
| 31,818   | 106,613          | 138,431          | Bedford Borough Council   | 39,877          | 110,577          | 150,454          |  |
| 649  | 6,470            | 7,119            | Bedfordshire Fire & Rescue Authority  | 814             | 6,834            | 7,648            |  |
|  | 14,686           | 14,686           | Police & Crime Commissioner for Bedfordshire  |                 | 15,741           | 15,741           |  |
| <b>Charges to Collection Fund:</b>   |                  |                  |   |                 |                  |                  |  |
| 296  | 454              | 750              | Write-offs of uncollectable amounts   | 252             | 232              | 483              |  |
| 234  | 441              | 675              | Increase/(decrease) in allowance for impairment   | 672             | 663              | 1,335            |  |
| (2,601)  |                  | (2,601)          | Increase/(decrease) in allowance for appeals  | (4,508)         |                  | (4,508)          |  |
| 228  |                  | 228              | Charge to General Fund for allowable collection costs for non-domestic rates                | 237             |                  | 237              |  |
| <b>Other transfers to General Fund in accordance with non-domestic rates regulations</b> |                  |                  |   |                 |                  |                  |  |
| 614  |                  | 614              | Renewable Energy  | 782             |                  | 782              |  |
| <b>55,077</b>  | <b>132,886</b>   | <b>187,963</b>   | <b>Total amounts to be debited</b>  | <b>80,721</b>   | <b>135,559</b>   | <b>216,280</b>   |  |
| <b>(12,679)</b>  | <b>3,648</b>     | <b>(9,031)</b>   | <b>(Surplus)/Deficit arising during the year including payment of previous year surplus</b> | <b>(1,407)</b>  | <b>(264)</b>     | <b>(1,670)</b>   |  |
| <b>11,316</b>  | <b>(5,600)</b>   | <b>5,716</b>     | <b>(Surplus)/Deficit b/f at 1 April 2023</b>  | <b>(1,363)</b>  | <b>(1,951)</b>   | <b>(3,314)</b>   |  |
| <b>(1,363)</b>   | <b>(1,952)</b>   | <b>(3,315)</b>   | <b>(Surplus)/Deficit c/f at 31 March 2024</b>   | <b>(2,769)</b>  | <b>(2,215)</b>   | <b>(4,984)</b>   |  |

Both the billing authority and major preceptors (i.e. the Police & Crime Commissioner for Bedfordshire, Bedfordshire Fire & Rescue Authority and Central Government) are required to accrue the income for the year in their own accounts. Since the collection of Council Tax and NNDR are agency functions the cash collected, and any unpaid sums are shared proportionately between the major preceptors and billing authority. This resulting debtor/creditor position is shown in each authority's accounts.

## Notes to the Collection Fund

Council Tax is charged on residential properties, which are classified into one of eight valuation bands based on estimated values at 1 April 1991.

The Band D tax is calculated by dividing the total amount of income required by the Collection Fund to pay the Borough, Police and Fire precepts for the forthcoming year by the Council tax base. The Council taxbase used in the calculation is based on the number of dwellings in each band on the Valuation list at the relevant date, adjusted for exemptions, discounts and disabled banding changes.

The tax base for 2023/2024 was 62,443 Band D equivalent properties, (61,942 equivalents for 2022/2023). The taxbase calculation is shown below:

### Note 1 - Council Tax Income

#### 2023/24

| Band             | Valuation band limits<br>£  | Calculated no of<br>dwellings | Ratio to<br>band D | Equated No of<br>dwellings |
|------------------|-----------------------------|-------------------------------|--------------------|----------------------------|
|                  |                             | No                            |                    | No                         |
| A                | Upto and including - 40,000 | 6,436                         | 6/9                | 4,291                      |
| B                | 40,001 - 52,000             | 13,868                        | 7/9                | 10,786                     |
| C                | 52,001 - 68,000             | 16,294                        | 8/9                | 14,483                     |
| D                | 68,001 - 88,000             | 10,862                        | 9/9                | 10,862                     |
| E                | 88,001 - 120,000            | 8,031                         | 11/9               | 9,816                      |
| F                | 120,001 - 160,000           | 5,301                         | 13/9               | 7,656                      |
| G                | 160,001 - 320,000           | 3,038                         | 15/9               | 5,063                      |
| H                | More than - 320,001         | 219                           | 18/9               | 437                        |
| Adjustment       |                             |                               |                    | (951)                      |
| Council tax base |                             |                               |                    | <b>62,443</b>              |

#### 2022/23

| Band             | Valuation band limits<br>£  | Calculated no of<br>dwellings | Ratio to<br>band D | Equated No of<br>dwellings |
|------------------|-----------------------------|-------------------------------|--------------------|----------------------------|
|                  |                             | No                            |                    | No                         |
| A                | Upto and including - 40,000 | 6,221                         | 6/9                | 4,147                      |
| B                | 40,001 - 52,000             | 13,596                        | 7/9                | 10,575                     |
| C                | 52,001 - 68,000             | 16,041                        | 8/9                | 14,258                     |
| D                | 68,001 - 88,000             | 11,222                        | 9/9                | 11,222                     |
| E                | 88,001 - 120,000            | 7,933                         | 11/9               | 9,696                      |
| F                | 120,001 - 160,000           | 5,223                         | 13/9               | 7,545                      |
| G                | 160,001 - 320,000           | 3,007                         | 15/9               | 5,012                      |
| H                | More than - 320,001         | 215                           | 18/9               | 430                        |
| Adjustment       |                             |                               |                    | (943)                      |
| Council tax base |                             |                               |                    | <b>61,942</b>              |

The total non-domestic rateable value on 31 March 2024 was £213.1 million (£177.3 million 31 March 2023) and the Business Rate Multiplier for the year is 49.9p (49.9p 2022/2023).

A split of the Collection Fund balances share by major preceptor is shown below:

| 2022/2023      |                | Analysis of Collection Fund Balance<br>by Major Preceptors | 2023/2024      |                |
|----------------|----------------|--|----------------|----------------|
| NNDR           | Council<br>Tax |  | NNDR           | Council<br>Tax |
| £000           | £000           |  | £000           | £000           |
| (682)          | 0              | Central Government   | (1,385)        | 0              |
| (668)          | (1,629)        | Bedford Borough Council                                    | (1,358)        | (1,849)        |
| 0              | (225)          | Police & Crime Commissioner for Bedfordshire               | 0              | (256)          |
| (14)           | (98)           | Bedfordshire Fire & Rescue Authority                       | (28)           | (111)          |
| <b>(1,364)</b> | <b>(1,953)</b> | <b>Balance at 31 March</b>                                 | <b>(2,771)</b> | <b>(2,216)</b> |

**NNDR:** After allowing for a provision for appeals and uncollectable debts, the National Non-Domestic Rates (NNDR) element of the Collection Fund shows a surplus of £2.769 million as at 31 March 2024, this compares to a surplus of £1.363 million at 31 March 2023.

**Council Tax:** The Council Tax element of the Collection Fund currently holds a surplus of £2.215 million as at 31 March 2024, this compares to a surplus of £1.925 million at 31 March 2023. The surplus will be allocated out to the precepting bodies in 2024/2025 and 2025/2026.





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# Bedfordshire Pension Fund

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2023/2024

## Bedfordshire Pension Fund 2023/2024

### Fund Account for the Year Ended 31 March 2024

| 2022/2023<br>£000 |  | 2023/2024<br>£000 | See<br>Note |
|-------------------|--|-------------------|-------------|
|                   | <b>Contributions and Benefits</b>  |                   |             |
| 149,517           | Contributions  | 203,659           | 7           |
| 12,858            | Transfers in from other pension funds  | 17,421            | 8           |
| 0                 | Other Income   |                   |             |
| <b>162,375</b>    |  | <b>221,080</b>    |             |
| (112,235)         | Benefits   | (129,057)         | 9           |
| (15,685)          | Payments to and on account of leavers  | (20,799)          | 10          |
| <b>34,455</b>     | <b>Net additions from dealings with members</b>                                  | <b>71,224</b>     |             |
| (10,438)          | Management Expenses  | (23,579)          | 11          |
| <b>24,017</b>     | <b>Net additions including Management Expenses</b>                               | <b>47,645</b>     |             |
|                   | <b>Returns on Investments</b>  |                   |             |
| 21,596            | Investment income  | 34,418            | 12          |
| (16)              | Taxes on income  | 0                 |             |
| (29,633)          | Profit and losses on disposal of investments and changes in value of investments | 357,341           | 13b         |
| <b>(8,053)</b>    | <b>Net return on investments</b>   | <b>391,758</b>    |             |
| 15,964            | Net increase in the fund during the year   | 439,403           |             |
| 3,012,906         | Opening Net Assets of the Fund   | 3,028,870         |             |
| <b>3,028,870</b>  | <b>Closing Net Assets of the Fund</b>  | <b>3,468,273</b>  |             |

## Net Assets Statement for the Year Ended 31 March 2024

| 31 March 2023<br>£000 |   | 31 March 2024<br>£000 | See note |
|-----------------------|---|-----------------------|----------|
| 1,182                 | Long Term Investment Assets   | 1,182                 | 13a      |
| <b>1,182</b>          | <b>Total Long Term Investment Assets</b>  | <b>1,182</b>          |          |
| 2,956,536             | Investment Assets   | 3,363,276             | 13a      |
| (2,472)               | Investment Liabilities  | (4,158)               | 13a      |
| <b>2,954,065</b>      | <b>Total Net Current Investments</b>  | <b>3,359,117</b>      |          |
| <b>2,955,246</b>      | <b>Total Net Investments</b>  | <b>3,360,299</b>      |          |
| 0                     | Long Term Assets  | 0                     | 18       |
| 76,990                | Current Assets  | 109,695               | 19       |
| (3,366)               | Current Liabilities   | (1,720)               | 20       |
| <b>3,028,870</b>      | <b>Net assets of the fund available to fund benefits at the end of the Reporting Period</b> | <b>3,468,273</b>      |          |

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed in Pension Note 17a.

I certify that the Net Assets Statement represents a true and fair view of the Pensions Funds financial position as at 31 March 2024. These financial statements replace the unaudited financial statements certified by the s151 officer on 31 May 2024.

Signed:

*Julie McCabe*

Date: 28 February 2025

Julie McCabe, Assistant Chief Executive (Finance) and Chief Finance Officer

## Notes to the Accounts

### 1) Description of the Pension Fund

Bedfordshire Pension Fund (the Fund) is part of the Local Government Pension Scheme and is administered by Bedford Borough Council. The Borough Council is the reporting entity for the Fund.

The following description of the Fund is a summary only. For more detail, reference should be made to the Bedfordshire Pension Fund Annual Report & Accounts 2023/2024 and the underlying statutory powers underpinning the scheme, namely the Superannuation Act 1972 and the Local Government Pension Scheme (LGPS) Regulations.

The Fund is governed by the Public Service Pensions Act 2013 and is administered in accordance with the following secondary legislation:

- The LGPS (Administration) Regulations 2013 (as amended)
- The LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The LGPS (Management and Investment of Funds) Regulations 2016 (as amended)

Local Government Pension Funds are required to be funded, being financed by contributions from employees, employers and by earnings from investments. Triennial actuarial valuations are undertaken and employers' contributions are reviewed to ensure that the Fund's assets are sufficient to meet its funding targets.

### *Membership of the Fund*

The Fund is a contributory defined benefit pension scheme providing pensions and other benefits for pensionable employees of Bedford Borough, Central Bedfordshire and Luton Borough Councils and a range of other scheduled and admitted bodies within the Bedfordshire area. Teachers, Police Officers and Firefighters are not included as they come within other national pension schemes.

Organisations participating in the Fund include:

- Scheduled bodies - local authorities and similar bodies whose staff are automatically entitled to be members of the Fund;
- Admitted bodies - other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

As at 31 March 2024, the total number of employees (i.e. from Councils within Bedfordshire and the other scheduled and admitted bodies) contributing to the Fund was 24,359 (23,715) (31 March 2023), the number of pensioners was 21,720 (20,840) and the number of deferred pensioners was 34,903 (33,743).

A full list of participating bodies as at 31 March 2024 is included in the Bedfordshire Pension Fund Annual Report.

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside of the scheme.

### *Core Benefits of the Scheme*

From 1 April 2014 the scheme became a Career Average Revalued Earnings (CARE) scheme. Benefits earned in the scheme before 1 April 2014 are protected so benefits up to that date will be based on the scheme member's final year's pay.

The benefits payable from the Fund are set out in the Local Government Pension Scheme Regulations 2013, as amended, and in summary are:

- A guaranteed annual pension based on the pay received during the year and revalued in line with earnings.
- An optional tax-free lump sum by commuting part of the pension.
- Life assurance of three times the members' yearly pay from the day they join the scheme.
- Pensions for spouses, civil registered partners, qualifying cohabiting partners and eligible children on the death of the member.
- An entitlement paid early if a member has to stop work permanently due to permanent ill-health.
- Inflation-proof preserved pensions and pensions in payment.
- Pensions payable from age 55, including (with the employer's consent) flexible retirement and early retirement.
- The option to contribute a reduced contribution for a reduced benefit - the 50/50 option.

*NB scheme members must have a minimum of two years' membership to qualify for a pension*

Full details of the contributions payable by employees and benefits receivable can be found in the Fund's handbook "Guides to the Local Government Pension Scheme", available from Borough Hall and available in full or in summary on the Fund's website.

[http://www.bedsensionfund.org/active\\_members/guides\\_to\\_the\\_lgps.aspx](http://www.bedsensionfund.org/active_members/guides_to_the_lgps.aspx)

## **2) Basis of Preparation**

The accounts are compliant with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/2024 (the Code), which is based on International Financial Reporting Standards (IFRS) as amended for the UK public sector. The accounts of the Pension Fund have also been prepared to meet the requirements of the Local Government Pension Scheme (Administration) Regulations 2013 and in accordance with the Statement of Recommended Practice on Financial Reports of Pension Schemes.

The accounts summarise the transactions and net assets of the Fund and do not take account of liabilities to pay pensions and other benefits in the future. They should therefore be read in conjunction with the actuarial reports which take account of future liabilities.

The Administering Authority has carried out an assessment and is satisfied that Bedfordshire Pension Fund is a going concern. The Fund value at 31 March 2024 stood at £3.469 billion, in line with the balance at 31 March 2023.

The Fund remains cashflow positive in 2023/2024 despite the significant level of prepayments made in the first valuation year. Cash held at the Balance Sheet date stood at £97.280 million, equivalent to 2.8% of the Fund Assets. In addition, the Fund does not have any external borrowing and held £2.79 billion in Level 1 and Level 2 investment assets which could be realised within 3 months if required. Therefore, the Fund is satisfied it has sufficient resources to meet its obligations to pay pensions throughout the going concern period which is at least 12 months from the date of authorisation of these accounts. For this reason, alongside the statutory guidance, these financial accounts have been prepared on a going concern basis.

### 3) Significant Accounting Policies

#### *Contribution Income*

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the actuary in the payroll period to which they relate. Employer deficit funding contributions are accounted for on the dates on which they are due under the schedule of contributions set by the actuary or on receipt if earlier than the due date. Employer's augmentation and pension strain contributions are accounted for in the period in which the liability arises. Any amount due in-year but unpaid is classed as a current financial asset.

#### *Benefits Payable*

All pensions and lump sum payments have been included on an accruals basis other than some death gratuities. The payment of some death gratuities is dependent upon the receipt of probate or letters of administration. Where death occurs before the end of the year but probate or letters of administration have not yet been received by the balance sheet date, then no accrual is made. The departure from the accruals basis for these death gratuities does not materially affect the reported figure.

Lump sums are accounted for in the period in which the member becomes a pensioner. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

Only benefits paid under local government pension scheme regulations are included in the Fund account. For administrative ease, the Fund also pays out compensatory added years benefits on behalf of employers; these are refunded in full by the employer. Both the benefits paid and the subsequent reimbursements are excluded from the Fund account.

#### *Refunds of Contributions*

Refunds have been included on a cash basis. Accounting for refunds on an accruals basis would not materially alter the reported figure.

#### *Transfer Values*

Transfer values to and from other schemes have been included on a cash basis. Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

### *Management Expenses*

The Code of Practice does not require any breakdown of Pension Fund administrative expenses. However, in the interests of greater transparency, the Fund discloses its management expenses in accordance with CIPFA Guidance on Accounting for LGPS management expenses.

### *Administrative Expenses*

The administration of the Fund is undertaken by the Borough Council in its role as administering authority. The Council's costs of administering the scheme, agreed by the relevant committees of both the Council and the Pension Fund, are charged to the Fund.

### *Oversight and Governance Costs*

All oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with governance and oversight are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

### *Investment Management Expenses*

Fees of the external investment managers and the Fund's custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the assets under their management and therefore increase or reduce as the value of these investments change. In addition, the Fund has negotiated with the following managers that an element of their fee be performance-related.

- Abrdn - Private Equity
- Insight Investment – Absolute Return Bonds
- Pantheon Ventures – Real Assets

Where an investment manager's fee note has not been received by 31 March 2024, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the Fund account.

Following guidance from CIPFA, Accounting for Local Government Pension Scheme Management Expenses, the Fund extracts transactional costs from managers where the information is available to make an estimate or where this is readily available from the Custodian. This is included within the investment management costs. For the Property manager, management costs have been extracted reflecting the unit management costs based on the Net Asset Value (NAV) of each separate fund.

### *Investments*

Investments are shown in the accounts at market value, determined as follows:

- (i) Quoted securities are valued by reference to market bid price at the close of business on 31 March 2024.
- (ii) Traded futures are valued by reference to their exchange prices as at 31 March 2024.
- (iii) Other unquoted securities are valued having regard to latest dealings, professional valuations, asset values and other appropriate financial information.



- (iv) Unit trust and managed fund investments are valued by reference to the latest bid prices quoted by their respective managers prior to 31 March 2024. If bid prices are unavailable, mid prices or net asset value will be used.
- (v) Assets, including investments, denominated in foreign currencies are valued on the relevant basis and translated into sterling at the rate ruling on 31 March 2024. Exchange gains and losses arising from movements in current assets and liabilities are included in the Fund account for the year.

Investment assets include cash balances held by the Fund managers and debtor and creditor balances in respect of investment activities.

### *Investment Income*

- (i) Interest income is recognised in the Fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.
- (ii) Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.
- (iii) Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.
- (iv) Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year.

### *Acquisition Costs of Investments*

Where shown, the cost of investments includes direct costs of acquisition.

### *Additional Voluntary Contribution (AVC) Investments*

Bedford Borough Council as the administering authority has arrangements with its AVC providers to enable employees to make AVCs to supplement their pension benefits. AVCs are invested separately from the Fund's main assets and the assets purchased are specifically allocated to provide additional benefits for members making AVCs. The value of AVC assets is not included in the Fund's net asset statement.

### *Taxation*

The Fund is an exempt approved Fund under section 1(1) of Schedule 36 of the Finance Act 2004, and as such is exempt from tax on capital gains and from UK income tax on interest receipts. As the Council is the administering authority for the Fund, VAT is recoverable on all expenditure where appropriate, and all of the Fund's income is outside the scope of VAT.

The Fund is liable to tax at a rate of 20% on small pensions that have been compounded into a lump sum.

The Fund is exempt from United States withholding tax.

Where the Fund is subject to other foreign tax, income is shown as the grossed up figure and the tax withheld as an item of expenditure.

### *New Accounting Standards*

For any new accounting standard or policy introduced, the Pension Fund is required to provide information explaining how these changes have affected the accounts.

There were no new accounting standards introduced in 2023/2024 affecting the Pension Fund.

### *Accounting Standards that have been issued but have not yet been adopted*

The Fund is required to disclose information relating to the impact of the accounting change on the financial accounts as a result of the adoption by the Code of a new standard that has been issued, but is not yet required to be adopted by the Pension Fund. There are no such disclosures.

### *Events after the reporting date*

These are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial accounts are authorised for issue. Two types of events can be identified:

- a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period), and
- b) those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

An example of an adjusting event would be if new information came to light regarding the methodology employed in the valuation of an asset.

## **4) Critical Judgements in Applying Accounting Policies**

### *Pension Fund Liability*

The Pension Fund liability is calculated every three years by the Fund Actuary in line with the regulations, with annual updates in the intervening years. The methodology used is in accordance with International Accounting Standard (IAS) 19. Assumptions underpinning the valuations are agreed between the Fund and the Actuary and are summarised in the Actuarial Report in note 17 Funding Arrangements – Actuary Statement. This estimate is subject to significant variances based on changes to the underlying assumptions.

Actuarial revaluations are used to set future contribution rates and underpin the Fund's most significant investment management policies, for example in terms of the balance struck between longer term investment growth and short-term yield/return.

### *Unquoted Investments*

The fair value of unquoted securities is estimated by the Fund's investment managers and subject to the professional judgement and assumptions used by those managers. It is considered that changes in those assumptions would not produce significant variations in the value of those assets other than normal market fluctuations.

## 5) Assumptions made About the Future and Major Sources of Estimation Uncertainty

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

The items in the net asset statement at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming year are as follows:

| Item   | Uncertainties   | Effect if actual results differ from assumptions   |
|--|---|--|
| Actuarial present value of promised retirement benefits          | Estimation of the net liability to pay pensions depends on a number of complex judgments relating to the discount rates used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice on the assumptions to be applied. | The effects on the net pension liability of changes in individual assumptions can be measured. For instance, an increase in the discount rate assumption would result in a decrease in the pension liability. An increase in assumed earnings would increase the value of liabilities and an increase assumed life expectancy would increase the liability. A Sensitivity Analysis is shown in Note 17a. |
| Pooled Property  | Property investments are valued at fair value in accordance with the Royal Institute of Chartered Surveyors (RICS) guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.   | There is a risk that these assets may be over or understated in the accounts.  |
| Alternatives (Private Equity, Infrastructure and Private Credit) | Alternatives or unquoted investments are valued at fair value e.g. Private equity in accordance with the British Venture Capital Association guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in their valuation.   | There is a risk that these assets may be over or understated in the accounts. A Sensitivity Analysis on Level 3 assets is shown in Note 14.  |

## 6) Events after the Reporting Date

There are no disclosable events after the reporting date.

## 7) Contributions receivable

| 2022/2023<br>£000           | Contributions                                 | 2023/2024<br>£000 |
|-----------------------------|---|-------------------|
| 31,762                      | Employees' normal contributions               | 34,138            |
| 362                         | Employees' additional voluntary contributions | 398               |
| 105,310                     | Employers' normal contributions               | 114,152           |
| 11,707                      | Employers' deficit funding                    | 54,617            |
| 376                         | Employers' augmentation contributions         | 354               |
| <b>149,517</b>              |   | <b>203,659</b>    |
| <b>Further analysed as:</b> |   |                   |
| 18,032                      | Administering authority                       | 37,238            |
| 111,633                     | Scheduled bodies                              | 158,617           |
| 19,852                      | Admitted and other bodies                     | 7,804             |
| <b>149,517</b>              |   | <b>203,659</b>    |

Employers' augmentation contributions relate to payments for the cost of enhanced benefits and early retirements. Refunded payments from employers in respect of compensatory added years' benefits are excluded from the accounts.

## 8) Transfers In from Other Pension Funds

| 2022/2023<br>£000 | Transfers in from other pension funds         | 2023/2024<br>£000 |
|-------------------|---|-------------------|
| 0                 | Transfers in from other pension funds - bulk  | 0                 |
| 12,858            | Individual transfers from other pension funds | 17,421            |
| <b>12,858</b>     |   | <b>17,421</b>     |

## 9) Benefits Payable

| 2022/2023<br>£000           | Benefits  | 2023/2024<br>£000 |
|-----------------------------|---|-------------------|
| 92,012                      | Pensions  | 105,636           |
| 16,934                      | Commutations of pensions and lump sum retirement benefits | 19,762            |
| 3,290                       | Lump sum death benefits                                   | 3,660             |
| <b>112,235</b>              |   | <b>129,057</b>    |
| <b>Further analysed as:</b> |   |                   |
| 15,685                      | Administering authority                                   | 17,170            |
| 85,292                      | Scheduled bodies  | 99,646            |
| 11,258                      | Admitted and other bodies                                 | 12,241            |
| <b>112,235</b>              |   | <b>129,057</b>    |

Payments to employees in respect of compensatory added years benefits are excluded from the accounts.

## 10) Payments To and On Account of Leavers

| 2022/2023<br>£000 | Payments to and on account of leavers    | 2023/2024<br>£000 |
|-------------------|--|-------------------|
| 384               | Refunds of contributions                 | 493               |
| 0                 | Transfers to other schemes – bulk        | 0                 |
| 14,852            | Transfers to other schemes – individuals | 20,238            |
| 298               | Annual Allowance - Tax Charge            | 68                |
| 151               | Lifetime Allowance - Tax Charge          | 0                 |
| <b>15,685</b>     |  | <b>20,799</b>     |

The Annual Allowance Tax Charge is on behalf of individual scheme members who exceeded the annual allowance and used the Scheme Pays facility which permits members to opt for the LGPS to pay the tax charge, which is then recovered from the member's pension benefits.

The Lifetime Allowance Tax Charge is on behalf of individual members who exceeded the lifetime allowance and used the Scheme Pays facility which permits members to opt for the LGPS to pay the tax charge, which is then recovered from the member's pension benefits.

## 11) Management Expenses

| 2022/2023<br>£000 | Management Expenses            | 2023/2024<br>£000 |
|-------------------|--------------------------------|-------------------|
| 1,662             | Administrative Costs           | 2,372             |
| 7,401             | Investment Management Expenses | 20,474            |
| 1,375             | Oversight and Governance Costs | 733               |
| <b>10,438</b>     |                                | <b>23,579</b>     |

A further breakdown of the investment management expenses is shown below:

| 2022/2023<br>£000 | Investment Management Expenses | 2023/2024<br>£000 |
|-------------------|--------------------------------|-------------------|
| 6,132             | Management Fees                | 18,939            |
| 0                 | Performance Related Fees       | 0                 |
| 1,204             | Underlying Property Fees       | 1,472             |
| 65                | Custody Fees                   | 63                |
| <b>7,401</b>      |                                | <b>20,474</b>     |

## 12) Investment Income

| 2022/2023<br>£000 | Investment Income                      | 2023/2024<br>£000 |
|-------------------|--|-------------------|
| 19,347            | Income from pooled investment vehicles | 30,770            |
| 2,249             | Interest on cash deposits              | 3,648             |
| <b>21,596</b>     |  | <b>34,418</b>     |

### 13) Investments

| <b>13a Investments 2023/2024</b> |  |                  |
|----------------------------------|--|------------------|
| <b>2022/2023</b>                 |  | <b>2023/2024</b> |
| <b>£000</b>                      | <b>Investments</b>                                 | <b>£000</b>      |
|                                  | <b>Long Term Investments</b>                       |                  |
| 1,182                            | Pool Share Capital                                 | 1,182            |
| <b>1,182</b>                     | <b>Total Long Term Investments</b>                 | <b>1,182</b>     |
|                                  | <b>Pooled Investment Funds</b>                     |                  |
| 797,842                          | Equities - Unitised insurance policies             | 937,878          |
| 572,104                          | Equities - ACS/Unit Trust                          | 694,324          |
| 224,125                          | Equities - Managed Fund                            | 265,089          |
| 153,443                          | Fixed income - ACS/Unit Trust                      | 170,567          |
| 330,878                          | Multi Asset Credit - ACS/Unit trust                | 357,316          |
| 271,438                          | Absolute Return - ACS/Unit Trust                   | 149,785          |
| 185,605                          | Property Unit Trusts                               | 169,962          |
| 61,939                           | Private Equity                                     | 60,584           |
| 69,908                           | Private Credit                                     | 100,330          |
| 220,216                          | Infrastructure                                     | 323,897          |
| 4,242                            | Climate Opportunities                              | 10,439           |
| <b>2,891,739</b>                 | <b>Total Pooled Investment Funds</b>               | <b>3,240,171</b> |
|                                  | <b>Cash Deposits &amp; Other Investment Assets</b> |                  |
| 63,190                           | Cash deposits                                      | 122,254          |
| 1,608                            | Amount receivable for sales of investments         | 850              |
| <b>64,798</b>                    | <b>Total Cash and Other Investment Assets</b>      | <b>123,104</b>   |
|                                  | <b>Investment Liabilities</b>                      |                  |
| (2,472)                          | Amount payable for purchases of investments        | (4,158)          |
| <b>(2,472)</b>                   | <b>Total Other Liabilities</b>                     | <b>(4,158)</b>   |
| <b>2,955,246</b>                 | <b>Total</b>                                       | <b>3,360,299</b> |

**13b Value of Investments 2023/2024**

|   | Market<br>value as at<br>31 March<br>2023 | Purchases<br>at cost<br>and<br>derivative<br>payments | Sales<br>proceeds<br>and<br>derivative<br>receipts | Change<br>in<br>market<br>value | Market<br>value as<br>at 31<br>March<br>2024 |
|---|---|---|--|---------------------------------|--|
| 2023/2024                                   |   |   |  |                                 |  |
| <b>Long Term Investments</b>                |   |   |  |                                 |  |
| Pool Share Capital                          | 1,182                                     | 0   | 0  | 0                               | 1,182  |
| <b>Total Long Term Investments</b>          | <b>1,182</b>                              | <b>0</b>  | <b>0</b>   | <b>0</b>                        | <b>1,182</b>                                 |
| <b>Pooled Investment Funds</b>              |   |   |  |                                 |  |
| Equities - Unitised insurance policies      | 797,842                                   | 173,808   | (173,808)  | 140,036                         | 937,878                                      |
| Equities - ACS/Unit Trust                   | 572,104                                   | 0   | 0  | 122,220                         | 694,324                                      |
| Equities - Managed Fund                     | 224,125                                   | 0   | (1,542)  | 42,506                          | 265,089                                      |
| Fixed income - ACS/Unit Trust               | 153,443                                   | 0   | (642)  | 17,766                          | 170,567                                      |
| Multi Asset Credit - ACS/Unit trust         | 330,878                                   | 7,379   | (2,705)  | 21,764                          | 357,316                                      |
| Absolute Return - ACS/Unit Trust            | 271,438                                   | 440   | (133,438)  | 11,345                          | 149,785                                      |
| Property Unit Trusts                        | 185,605                                   | 2,190   | (6,851)  | (10,982)                        | 169,962                                      |
| Private Equity                              | 61,939                                    | 10,890  | (10,854)   | (1,389)                         | 60,584                                       |
| Private Credit                              | 69,908                                    | 32,926  | (3,227)  | 724                             | 100,330                                      |
| Infrastructure                              | 220,216                                   | 101,622   | (10,323)   | 12,382                          | 323,897                                      |
| Climate Opportunities                       | 4,242                                     | 6,695   | (1,285)  | 787                             | 10,439                                       |
| <b>Total Pooled Investment Funds</b>        | <b>2,891,739</b>                          | <b>335,949</b>  | <b>(344,674)</b>                                   | <b>357,159</b>                  | <b>3,240,171</b>                             |
| <b>Derivative Contracts</b>                 | <b>0</b>                                  | <b>0</b>  | <b>19</b>  | <b>(19)</b>                     | <b>0</b>                                     |
| <b>Total</b>                                | <b>2,892,921</b>                          | <b>335,949</b>  | <b>(344,656)</b>                                   | <b>357,140</b>                  | <b>3,241,353</b>                             |
| <b>Other Investment Balances</b>            |   |   |  |                                 |  |
| Cash deposits                               | 63,190                                    |   |  | 201                             | 122,254                                      |
| Amount receivable for sales of investments  | 1,608                                     |   |  |                                 | 850  |
| Amount payable for purchases of investments | (2,472)                                   |   |  |                                 | (4,158)                                      |
| <b>Total Net Investments</b>                | <b>2,955,247</b>                          |   |  | <b>357,341</b>                  | <b>3,360,299</b>                             |



| <b>13.c Investments Analysed by Fund Manager</b> |                |  |                  |                |
|--|----------------|--|------------------|----------------|
| <b>2022/2023</b>                                 |                | <b>Fund Manager</b>                        | <b>2023/2024</b> |                |
| <b>£0</b>  | <b>%</b>       |  | <b>£0</b>        | <b>%</b>       |
|  |                | <b>Investments Managed by BCPP</b>         |                  |                |
| 224,125  | 7.58%          | BCPP - Global Equities                     | 265,089          | 7.89%          |
| 0  | 0.00%          | BCPP - Real Estate                         | 1,334            | 0.04%          |
| 191,281  | 6.47%          | BCPP - Multi Asset Credit                  | 209,210          | 6.23%          |
| 993  | 0.03%          | BCPP – Private Equity                      | 8,698            | 0.26%          |
| 69,440   | 2.35%          | BCPP - Private Credit                      | 100,330          | 2.99%          |
| 4,242  | 0.14%          | BCPP – Climate Opportunities               | 10,439           | 0.31%          |
| 197,040  | 6.67%          | BCPP - Infrastructure                      | 255,184          | 7.59%          |
| <b>687,121</b>                                   | <b>23.24%</b>  | <b>BCPP Total</b>                          | <b>850,284</b>   | <b>25.30%</b>  |
|  |                | <b>Investments managed outside of BCPP</b> |                  |                |
| 563,651  | 19.07%         | Legal & General - Global Equities          | 684,535          | 20.37%         |
| 234,191  | 7.92%          | Legal & General - UK Equities              | 253,343          | 7.54%          |
| 481,688  | 16.30%         | BlackRock – Global Equities                | 599,329          | 17.84%         |
| 90,416   | 3.06%          | BlackRock - Emerging Markets Equities      | 94,995           | 2.83%          |
| 187,845  | 6.36%          | CBRE - Indirect Property                   | 168,628          | 5.02%          |
| 153,445  | 5.19%          | Insight - Absolute Return Bonds            | 170,567          | 5.08%          |
| 138,864  | 4.70%          | Newton - Absolute Return Multi Asset       | 149,785          | 4.46%          |
| 132,574  | 4.49%          | Pyrford - Absolute Return Multi-Asset      | 0                | 0.00%          |
| 60,946   | 2.06%          | Abrdn - Private Equity                     | 51,886           | 1.54%          |
| 22,042   | 0.75%          | Pantheon – Real Assets                     | 20,248           | 0.60%          |
| 139,597  | 4.72%          | PIMCO – Diversified Income Fund            | 148,106          | 4.41%          |
| 0  | 0.00%          | Gresham House – Infrastructure             | 48,466           | 1.44%          |
| 1,182  | 0.04%          | Pool Share Capital – Equities              | 1,182            | 0.04%          |
| <b>2,206,442</b>                                 | <b>74.67%</b>  | <b>Unpooled Total</b>                      | <b>2,391,070</b> | <b>71.16%</b>  |
| <b>61,685</b>                                    | <b>2.09%</b>   | <b>Net Assets held with Fund Custodian</b> | <b>118,946</b>   | <b>3.54%</b>   |
| <b>2,955,247</b>                                 | <b>100.00%</b> | <b>Total Net Investments</b>               | <b>3,360,299</b> | <b>100.00%</b> |

| <b>13.d Investments exceeding 5% of net assets (excluding UK Government Securities)</b> |                     |  |                  |                     |
|---|---------------------|--|------------------|---------------------|
| <b>2022/2023</b>  | <b>% of Total</b>   | <b>Investment</b>                          | <b>2023/2024</b> | <b>% of Total</b>   |
| <b>£000</b>   | <b>Market Value</b> |  | <b>£000</b>      | <b>Market Value</b> |
| 563,651   | 18.62%              | LGIM Future World Global Equity            | 684,535          | 19.74%              |
| 481,688   | 15.91%              | BlackRock ACS World Low Carbon Equity Fund | 599,329          | 17.28%              |
| 224,125   | 7.40%               | Border to Coast Global Equity Alpha        | 265,089          | 7.64%               |
| 197,040   | 6.51%               | Border to Coast Infrastructure             | 255,184          | 7.36%               |
| 191,281   | 6.32%               | Border to Coast Multi Asset Credit         | 209,210          | 6.03%               |
| 168,254   | 5.56%               | LGIM UK Equity Index                       | 181,691          | 5.24%               |

### 13.e Stock Lending

The Fund did not undertake any stock lending during 2023/2024.

#### 14) Fair Value – Basis of Valuation

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value.

| <b>Asset Type</b>  | <b>Level</b> | <b>Valuation Basis</b>  | <b>Observable and Unobservable Inputs</b>            | <b>Key Sensitivities</b> |
|--|--------------|---|--|--------------------------|
| <b>Market quoted Investments</b>   | 1            | Published bid market price ruling on the final day of the accounting period   | Not required   | Not required             |
| <b>Cash balances, money market funds and investment income due but not yet paid</b>      | 1            | Expected maturity date of less than two months, therefore, Fair Value is the carrying value of these assets and liabilities | Not required   | Not required             |
| <b>Non-investment current assets and current liabilities (carried at amortised cost)</b> | 1            | Short-term transactions and high degree of certainty of settlement value. Fair Value is carrying value at the year-end date | Not required   | Not required             |
| <b>Pooled investments - overseas unit trusts</b>   | 2            | Closing bid price where bid and offer prices are published.<br>Closing single price where single price published            | NAV - based principal set on a forward pricing basis | Not required             |
| <b>Pooled investments - property funds quoted</b>  | 2            | Closing bid price where bid and offer prices are published.<br>Closing single price where single price published            | NAV - based principal set on a forward pricing basis | Not required             |

| Asset Type  | Level | Valuation Basis   | Observable and Unobservable Inputs   | Key Sensitivities   |
|---|-------|---|--|---|
| <b>Pooled investments - property funds unquoted</b>                           | 3     | Closing bid price where bid and offer prices are published.<br>Closing single price where single price published                                      | NAV - based principal set on a forward pricing basis   | Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Fund's own reporting date, by changes to expected cash flows, and by any differences between audited and unaudited accounts |
| <b>Alternative Assets (Private Equity, Private Credit and Infrastructure)</b> | 3     | Comparable valuation of similar companies e.g. in accordance with <i>International Private Equity and Venture Capital Valuation Guidelines (2018)</i> | EBITDA multiple<br>revenue multiple<br>discount for lack of marketability<br>control premium | Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Fund's own reporting date, by changes to expected cash flows, and by any differences between audited and unaudited accounts |

#### *Sensitivity of Assets Valued at Level 3*

Based on an analysis of historical data, current market trends, information supplied by the investment managers and the Pension Fund policy documents, the Fund has determined that the valuation methods described below are likely to be accurate to within the following range, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2024.

| <b>14a. Level 3 Assets*</b> | <b>Valuation Range</b> | <b>Value at 31 March 2024</b> | <b>Valuation Increase</b> | <b>Valuation Decrease</b> |
|-----------------------------|------------------------|-------------------------------|---------------------------|---------------------------|
|                             | <b>+/-</b>             | <b>£000</b>                   | <b>£000</b>               | <b>£000</b>               |
| Private Equity              | 10                     | 60,584                        | 69,672                    | 51,497                    |
| Infrastructure              | 15                     | 323,897                       | 372,482                   | 275,313                   |
| Property                    | 15                     | 75,379                        | 82,917                    | 67,841                    |
| Private Credit              | 15                     | 100,330                       | 115,380                   | 85,281                    |
| Climate Opportunities       | 15                     | 10,439                        | 12,005                    | 8,873                     |
|                             |                        | <b>570,630</b>                | <b>652,455</b>            | <b>488,804</b>            |

*\*Note this table excludes equity holdings in Border to Coast as there is no market for these shares.*

#### *Fair Value Hierarchy*

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur.

#### *Level 1*

Assets and liabilities at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Investments classified as level 1 comprise of quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

#### *Level 2*

Assets and liabilities at Level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value.

#### *Level 3*

Assets and liabilities at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The following table provides the analysis of the financial assets and liabilities of the Pension Fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

**Table 14.b Analysis of Asset Levels**

**31 March 2024**

|   | Quoted<br>Market<br>Price<br>Level 1<br>£000 | Using<br>Observable<br>Inputs<br>Level 2<br>£000 | With<br>significant<br>unobservable<br>inputs<br>Level 3<br>£000 | Total<br>£000    |
|---|--|--|--|------------------|
| <b>Financial Assets</b>                                     |  |  |  |                  |
| Financial assets at fair value through profit and loss      | 0  | 2,669,542  | 571,812  | <b>3,241,353</b> |
| Financial assets at amortised cost                          | 123,104                                      | 0  | 0  | <b>123,104</b>   |
| <b>Total Financial Assets</b>                               | <b>123,104</b>                               | <b>2,669,542</b>                                 | <b>571,812</b>   | <b>3,364,458</b> |
| <b>Financial Liabilities</b>                                |  |  |  |                  |
| Financial liabilities at fair value through profit and loss | 0  | 0  | 0  | 0                |
| Financial liabilities at amortised costs                    | (4,158)                                      | 0  | 0  | <b>(4,158)</b>   |
| <b>Total financial liabilities</b>                          | <b>(4,158)</b>                               | <b>0</b>   | <b>0</b>   | <b>(4,158)</b>   |
| <b>Net financial assets</b>                                 | <b>118,946</b>                               | <b>2,669,542</b>                                 | <b>571,812</b>   | <b>3,360,299</b> |

**Table 14.b Analysis of Asset Levels**

**31 March 2023**

|   | Quoted<br>Market<br>Price<br>Level 1<br>£000 | Using<br>Observable<br>Inputs<br>Level 2<br>£000 | With<br>significant<br>unobservable<br>inputs<br>Level 3<br>£000 | Total<br>£000    |
|---|--|--|--|------------------|
| <b>Financial Assets</b>                                     |  |  |  |                  |
| Financial assets at fair value through profit and loss      | 0  | 2,450,040  | 442,880  | <b>2,892,920</b> |
| Financial assets at amortised cost                          | 64,798                                       | 0  | 0  | <b>64,798</b>    |
| <b>Total Financial Assets</b>                               | <b>64,798</b>                                | <b>2,450,040</b>                                 | <b>442,880</b>   | <b>2,957,718</b> |
| <b>Financial Liabilities</b>                                |  |  |  |                  |
| Financial liabilities at fair value through profit and loss | 0  | 0  | 0  | 0                |
| Financial liabilities at amortised costs                    | (2,472)                                      | 0  | 0  | <b>(2,472)</b>   |
| <b>Total financial liabilities</b>                          | <b>(2,472)</b>                               | <b>0</b>   | <b>0</b>   | <b>(2,472)</b>   |
| <b>Net financial assets</b>                                 | <b>62,326</b>                                | <b>2,450,040</b>                                 | <b>442,880</b>   | <b>2,955,246</b> |

The following assets have been carried at cost. (£1,182,000 in 2022/2023):

| <b>Table 14.c Share Capital</b>       |                |                |                |              |
|---------------------------------------|----------------|----------------|----------------|--------------|
| <b>Values at 31 March 2024</b>        | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
|                                       | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    | <b>£000</b>  |
| Share Capital in Border to Coast Pool | 0              | 0              | 1,182          | 1,182        |
| <b>Investments held at cost</b>       | <b>0</b>       | <b>0</b>       | <b>1,182</b>   | <b>1,182</b> |

#### *Reconciliation of Fair Value Measurement within Level 3*

| <b>Table 14.d Reconciliation of Fair Value Measurement within Level 3</b> |                   |                               |                                 |                   |                 |                                  |                                |                    |
|---|-------------------|-------------------------------|---------------------------------|-------------------|-----------------|----------------------------------|--------------------------------|--------------------|
|   | <b>1 Apr 2023</b> | <b>Trans fer Into Level 3</b> | <b>Trans fer Out of Level 3</b> | <b>Purchas es</b> | <b>Sales</b>    | <b>Unrealis ed Gains/ Losses</b> | <b>Realise d Gains/ Losses</b> | <b>31 Mar 2024</b> |
|   | <b>£000</b>       | <b>£000</b>                   | <b>£000</b>                     | <b>£000</b>       | <b>£000</b>     | <b>£000</b>                      | <b>£000</b>                    | <b>£000</b>        |
| <b>Private Equity</b>   | 61,939            | 0                             | 0                               | 10,890            | (10,854)        | 4,759                            | (6,149)                        | <b>60,584</b>      |
| <b>Infrastructure</b>   | 220,216           | 0                             | 0                               | 101,622           | (10,323)        | (4,253)                          | 16,635                         | <b>323,897</b>     |
| <b>Property</b>   | 85,393            | 0                             | 0                               | 2,165             | (6,798)         | (124)                            | (5,257)                        | <b>75,379</b>      |
| <b>Private Credit</b>   | 69,908            | 0                             | 0                               | 32,926            | (3,227)         | (4,308)                          | 5,031                          | <b>100,330</b>     |
| <b>Climate Opportunities</b>  | 4,242             | 0                             | 0                               | 6,695             | (1,285)         | 187                              | 600                            | <b>10,439</b>      |
|   | <b>441,698</b>    | <b>0</b>                      | <b>0</b>                        | <b>154,297</b>    | <b>(32,487)</b> | <b>(3,739)</b>                   | <b>10,860</b>                  | <b>570,630</b>     |

#### 15) Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading.

| <b>Table 15 - Financial Instruments</b>     |   |  |  |   |   |  |
|---|---|--|--|---|---|--|
| <b>2022/2023</b>                            |   |  |  | <b>2023/2024</b>                            |   |  |
| <b>Fair value through profit &amp; loss</b> | <b>Financial assets at amortised cost</b> | <b>Financial liabilities at amortised cost</b> |  | <b>Fair value through profit &amp; loss</b> | <b>Financial assets at amortised cost</b> | <b>Financial liabilities at amortised cost</b> |
| <b>£000</b>                                 | <b>£000</b>                               | <b>£000</b>                                    |  | <b>£000</b>                                 | <b>£000</b>                               | <b>£000</b>                                    |
| <b>Financial Assets</b>                     |   |  |  |   |   |  |
| 797,842                                     | 0   | 0  | Equities - Unitised insurance policies | 937,878                                     | 0   | 0  |
| 572,104                                     | 0   | 0  | Equities - ACS/Unit Trust              | 694,324                                     | 0   | 0  |

|                  |                |                |  |                  |                |                |
|------------------|----------------|----------------|--|------------------|----------------|----------------|
| 224,125          | 0              | 0              | Equities -<br>Managed Fund             | 265,089          | 0              | 0              |
| 153,443          | 0              | 0              | Fixed income -<br>ACS/Unit Trust       | 170,567          | 0              | 0              |
| 330,878          | 0              | 0              | Multi Asset Credit<br>- ACS/Unit trust | 357,316          | 0              | 0              |
| 271,438          | 0              | 0              | Absolute Return -<br>ACS/Unit Trust    | 149,785          | 0              | 0              |
| 185,605          | 0              | 0              | Property Unit<br>Trusts                | 169,962          | 0              | 0              |
| 61,939           | 0              | 0              | Private Equity                         | 60,584           | 0              | 0              |
| 69,908           | 0              | 0              | Private Credit                         | 100,330          | 0              | 0              |
| 220,216          | 0              | 0              | Infrastructure                         | 323,897          | 0              | 0              |
| 4,242            | 0              | 0              | Climate<br>Opportunities               | 10,439           | 0              | 0              |
| 1,182            | 0              | 0              | Pool Share<br>Capital                  | 1,182            | 0              | 0              |
| 0                | 63,190         | 0              | Cash held for<br>investment            | 0                | 122,254        | 0              |
| 0                | 1,608          | 0              | Receivable for<br>sales                | 0                | 850            | 0              |
| 0                | 421            | 0              | Sundry debtors                         | 0                | 0              | 0              |
| 0                | 66,445         | 0              | Cash - current<br>assets               |                  | 97,280         |                |
| <b>2,892,920</b> | <b>131,664</b> | <b>0</b>       | <b>Total financial<br/>assets</b>      | <b>3,241,353</b> | <b>220,384</b> | <b>0</b>       |
|                  |                |                | <b>Financial<br/>Liabilities</b>       |                  |                |                |
| 0                | 0              | (2,472)        | Other investment<br>liabilities        | 0                | 0              | (4,158)        |
| 0                | 0              | (2,431)        | Sundry creditors                       | 0                | 0              |                |
| <b>0</b>         | <b>0</b>       | <b>(4,903)</b> | <b>Total financial<br/>liabilities</b> | <b>0</b>         | <b>0</b>       | <b>(4,158)</b> |
| <b>2,892,920</b> | <b>131,664</b> | <b>(4,903)</b> |  | <b>3,241,353</b> | <b>220,384</b> | <b>(4,158)</b> |

#### *Net Gains and Losses on Financial Instruments*

| <b>2022/2023</b> |  | <b>2023/2024</b> |
|------------------|--|------------------|
| <b>£000</b>      |  | <b>£000</b>      |
|                  | <b>Financial Assets</b>                          |                  |
| (29,633)         | Designated at fair value through profit and loss | 357,341          |

The Fund has not entered into any financial guarantees that are required to be accounted for as financial instruments.



## 16) Nature of Extent of Risks Arising from Financial Instruments

The Pension Fund's assets are predominantly managed by external investment managers appointed by the Pension Fund Committee. Each fund manager is required to invest the assets in accordance with the terms of a written Investment Management Agreement (IMA) or fund prospectus. The Pension Fund Committee has determined that the appointment of these managers is appropriate for the Fund and is in accordance with the Funds' Investment Strategy. The Committee receives regular reports from each of the managers on the nature of the investments made on the Fund's behalf and the associated risks.

The allocation of assets between various types of financial instruments is determined by the Committee, in line with the Investment Strategy Statement (ISS). Divergence from benchmark asset allocations and the composition of each portfolio is monitored by the Pension Fund Committee.

The Fund's investment activities expose it to the following risks from the use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

The nature and extent of the financial instruments employed by the Fund and the associated risks are discussed below. This note presents information on the Fund's exposure to each of the above risks and the Fund's policies and processes for managing those risks.

The Fund's ISS is formulated to identify the risks managed by investment managers, to set appropriate risk limits and to monitor adherence to those limits. The ISS is reviewed regularly to reflect changes in market conditions and the Fund's activities.

### *Market Risk*

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Fund's income or the value of its assets. The objective of market risk management is to control market risk exposures within acceptable parameters while optimising returns. The Fund has used manager and adviser information to help it identify market risks.

### *Interest Rate Risk*

Interest rate risk is the risk that interest rate fluctuations will cause the value of fixed interest securities to deviate from expectations. The Fund manages interest rate risk by:

- The use of specialist external investment managers to manage the Fund's cash and fixed interest assets.
- Ensuring asset allocations include a diversity of fixed interest investments with appropriate durations.

The Fund's direct exposure to interest rate risk, as at the period end, is shown in the table following. The table also shows the effect in the year on the net assets available to pay benefits of a +/- 100 basis points (bps) change in interest rates. Comparatives for the previous year are shown in the table below.

**Table 16.a Exposure to Interest Rate Risk**

| Carrying value at 31/03/2023 | Change in year in net assets available to pay benefits |                | Asset type                | Carrying value at 31/03/2024 | Change in year in net assets available to pay benefits |                |
|------------------------------|--|----------------|---------------------------|------------------------------|--|----------------|
|                              | +100 bps   | -100 bps       |                           |                              | +100 bps   | -100 bps       |
| £000                         | £000   | £000           |                           | £000                         | £000   | £000           |
| 484,321                      | 4,843  | (4,843)        | Fixed interest securities | 527,883                      | 5,279  | (5,279)        |
| 129,812                      | 1,298  | (1,298)        | Cash & cash equivalents   | 219,534                      | 2,195  | (2,195)        |
| <b>613,955</b>               | <b>6,140</b>   | <b>(6,140)</b> | <b>Total</b>              | <b>747,417</b>               | <b>7,474</b>   | <b>(7,474)</b> |

NB. The Fund's direct exposure includes managed fund assets.

### Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund manages currency risk by instructing investment managers to use hedging techniques with foreign currencies.

The following table summarises the Fund's currency exposure as at 31 March 2024 and also shows the increase/decrease in the value of net assets available to pay benefits arising.

Using information available from investment advisers, investment managers, the Custodian and the Fund's policy documents, the Fund believes the following are reasonable.

### Currency Risk by Asset Class

**Table 16.b Exposure to Interest Rate Risk**

| Asset Type                  | Value            | Change      | 2023/2024         |                   |
|-----------------------------|------------------|-------------|-------------------|-------------------|
|                             |                  |             | Value on Increase | Value on Decrease |
|                             | £000             | %           | £000              | £000              |
| Overseas Equities           | 1,643,948        | 6.00        | 1,742,585         | 1,545,311         |
| Overseas Fixed Income       | 170,567          | 6.00        | 180,800           | 160,333           |
| Overseas Multi Asset Credit | 357,316          | 6.00        | 378,755           | 335,877           |
| Overseas Absolute Return    | 149,785          | 6.00        | 158,772           | 140,798           |
| Overseas Alternatives       | 446,785          | 6.00        | 473,592           | 419,977           |
| <b>Total</b>                | <b>2,768,400</b> | <b>6.00</b> | <b>2,934,504</b>  | <b>2,602,296</b>  |

| Asset Type                  | Value<br>£000    | Change<br>%  | 2022/2023                 | Value on Decrease<br>£000 |
|-----------------------------|------------------|--------------|---------------------------|---------------------------|
|                             |                  |              | Value on Increase<br>£000 |                           |
| Overseas Equities           | 1,359,880        | 6.00%        | 1,441,473                 | 1,278,287                 |
| Overseas Fixed Income       | 153,443          | 6.00%        | 162,649                   | 144,236                   |
| Overseas Multi Asset Credit | 330,878          | 6.00%        | 350,731                   | 311,025                   |
| Overseas Absolute Return    | 271,438          | 6.00%        | 287,724                   | 255,152                   |
| Overseas Alternatives       | 341,822          | 6.00%        | 362,331                   | 321,313                   |
| <b>Total</b>                | <b>2,457,460</b> | <b>6.00%</b> | <b>2,604,908</b>          | <b>2,310,012</b>          |

### Market Price Risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether from factors specific to individual assets or those applying to the market as a whole.

As the Fund's assets are valued at market value, with changes to that value reflected in the Fund account, all changes in market conditions will directly affect the Fund's income.

- The Fund manages market risk by the application of the following principles:
- Ensuring a diversity of exposures to different financial markets and market sectors

By ensuring that investments have the sufficient liquidity to enable the appropriate response to changing market conditions.

### Sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, and using information available from investment advisers, investment managers, the Custodian, and the Fund's policy documents, the Fund believes the following is reasonable for the 2023/2024 reporting period.

| Asset Type               | % Change |
|--------------------------|----------|
| UK Equities              | 14.0%    |
| Overseas Equities        | 14.0%    |
| Property                 | 15.0%    |
| Absolute Return Bonds    | 10.0%    |
| Diversified Growth Funds | 12.0%    |
| Gilts                    | 10.0%    |
| Private Equity           | 25.0%    |
| Private Credit           | 15.0%    |
| Infrastructure           | 25.0%    |
| Cash                     | 0.5%     |

If the market price of the Fund's investments increased/decreased in line with the above, the change in the net assets available to pay benefits would have been as shown in the following table. Comparatives for the previous year are also shown.

**Table 16.c Exposure to market fluctuations**

|                       | 2023/2024        |        |                   |                   |
|-----------------------|------------------|--------|-------------------|-------------------|
|                       | Value            | Change | Value on Increase | Value on Decrease |
|                       | £000             | %      | £000              | £000              |
| Equities              | 1,897,291        | 14.00  | 2,162,912         | 1,631,670         |
| Fixed income          | 170,567          | 12.00  | 191,034           | 150,099           |
| Multi Asset Credit    | 357,316          | 12.00  | 400,194           | 314,438           |
| Absolute Return       | 149,785          | 10.00  | 164,763           | 134,806           |
| Property              | 169,962          | 15.00  | 195,457           | 144,468           |
| Private Equity        | 60,584           | 25.00  | 75,731            | 45,438            |
| Private Credit        | 100,330          | 15.00  | 115,380           | 85,281            |
| Infrastructure        | 323,897          | 25.00  | 404,871           | 242,923           |
| Climate Opportunities | 10,439           | 25.00  | 13,048            | 7,829             |
| Cash                  | 122,254          | 1.00   | 123,477           | 121,032           |
| <b>Total</b>          | <b>3,362,426</b> |        | <b>3,846,868</b>  | <b>2,877,984</b>  |

**Table 16.c Exposure to market fluctuations**

|                       | 2022/2023        |        |                   |                   |
|-----------------------|------------------|--------|-------------------|-------------------|
|                       | Value            | Change | Value on Increase | Value on Decrease |
|                       | £000             | %      | £000              | £000              |
| Equities              | 1,594,071        | 14.00  | 1,817,241         | 1,370,901         |
| Fixed Income          | 153,443          | 12.00  | 171,856           | 135,029           |
| Multi Asset Credit    | 330,878          | 15.00  | 370,583           | 291,173           |
| Absolute Return       | 271,438          | 10.00  | 198,582           | 244,294           |
| Property              | 185,604          | 15.00  | 213,445           | 157,763           |
| Private Equity        | 61,939           | 25.00  | 77,424            | 46,454            |
| Private Credit        | 69,909           | 15.00  | 80,395            | 59,422            |
| Infrastructure        | 220,216          | 25.00  | 275,270           | 165,162           |
| Climate Opportunities | 4,242            | 25.00  | 5,302             | 3,181             |
| Cash                  | 63,190           | 1.00   | 63,822            | 62,558            |
| <b>Total</b>          | <b>2,954,929</b> |        | <b>3,373,919</b>  | <b>2,535,939</b>  |

The % change for Total Assets includes the impact of correlation across asset classes.

### *Credit Risk*

Credit risk is the risk that a counterparty to a transaction involving a financial instrument will fail to discharge an obligation or commitment it has entered into with the Fund.

The net market value of the Fund's assets, as shown in the Net Assets Statement, represents the Fund's maximum exposure to credit risk in relation to those assets. The Fund does not have any significant exposure to any individual counter-party or industry. Credit risk is monitored through ongoing reviews of the investment managers' activity.

Apart from a small number of outstanding tax reclaims represented by the provision for tax reclaims over 1 year in the Net Assets Statement, the Fund has no assets that are past due or impaired.

### *Liquidity Risk*

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations when they fall due. The Fund's liquidity is monitored on a daily basis and the Fund seeks to ensure that it will always have sufficient liquid funds to pay benefits to members and liabilities when due, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund manages liquidity risk by:

- giving careful consideration to the anticipated income and expenditure required for the administration of the Fund and the payment of benefits and by maintaining in-house managed cash balances sufficient to meet day-to-day cash flows.
- Maintaining a significant proportion of the Fund held in highly liquid investments such as actively traded equities and unit trusts. The level 1 highly liquid funds total £140 million representing 4.5% of the Fund.

## **17) Funding Arrangements – Actuary Statement**

The Fund's Actuary has provided the following updated Statement on the valuation of the retirement benefits as at 31 March 2024 and the assumptions made in the valuation.

### **Introduction**

The last full triennial valuation of the Bedfordshire Pension Fund (the Fund) was carried out as at 31 March 2022 as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013 (the Regulations) and in accordance with the Funding Strategy Statement of the Fund. The results were published in the triennial valuation report dated 31 March 2023.

### **Asset value and funding level**

The results for the Fund at 31 March 2022 were as follows:

- The smoothed value of the Fund's assets for funding purposes as at 31 March 2022 was £2.95bn.
- The Fund had a funding level of 92% i.e. the value of assets for funding purposes was 92% of the value that they would have needed to be to pay for the benefits accrued to that date, based on the assumptions used. This corresponded to a deficit of £273m.

### **Contribution rates**

The employer contributions rates, in addition to those paid by the members of the Fund, are set to be sufficient to meet:

- the annual accrual of benefits allowing for future pay increases and increases to pensions in payment when these fall due.

- plus an amount to reflect each participating employer's notional share of the Fund's assets compared with 100% of their liabilities in the Fund, in respect of service to the valuation date.

The primary rate of contribution on a whole Fund level was 19.6% of payroll p.a. The primary rate as defined by Regulation 62(5) is the employer's share of the cost of benefits accruing in each of the three years beginning 1 April 2023.

In addition each employer pays a secondary contribution as required under Regulation 62(7) that when combined with the primary rate results in the minimum total contributions. This secondary rate is based on their particular circumstances and so individual adjustments are made for each employer.

Details of each employer's contribution rate are contained in the Rates and Adjustments Certificate in the triennial valuation report.

## Assumptions

The key assumptions used to value the liabilities at 31 March 2022 are summarised below:

| Assumptions                             | Assumptions used for the 2022 valuation |
|---|---|
| <b>Financial assumptions</b>            |   |
| Market date                             | 31 March 2022                           |
| CPI inflation                           | 2.9% p.a.                               |
| Long-term salary increases              | 3.9% p.a.                               |
| Discount rate                           | 4.6% p.a.                               |
| <b>Demographic assumptions</b>          |   |
| Post-retirement mortality               |   |
| <i>Base tables</i>                      | Based on Club Vita analysis             |
| <i>Projection model</i>                 | CMI 2021                                |
| <i>Long-term rate of improvement</i>    | 1.25% p.a.                              |
| <i>Smoothing parameter</i>              | 7.0                                     |
| <i>Initial addition to improvements</i> | 0.5% p.a.                               |
| <i>2020/21 weighting parameter</i>      | 5%                                      |

Full details of the demographic and other assumptions adopted as well as details of the derivation of the financial assumptions used can be found in the 2022 valuation report.

## Updated position since the 2022 valuation

### Assets

Investment returns on the whole Fund assets over the year to 31 March 2024 have been strong, estimated to be approximately 12%. The Fund also has a positive cash flow, and so, the market value of assets at 31 March 2024 has increased since the 2022 valuation.

### Liabilities

In July 2023, we implemented a change to the funding basis as a result of recent increases in interest rates on the Fund's ongoing basis.

Since the last valuation date of 31 March 2022, we have seen significant changes in the market conditions underlying our financial assumptions. In particular, there has been a significant increase in interest rates which affects the expected return of absolute return funds which formed approximately 21% of the Fund's strategic asset allocation. Accordingly, we believe that the target returns on such asset classes were becoming more difficult for investment managers to achieve.

As a result, we amended our funding approach to assume that the long-term expected return for the absolute return funds is set approximately as 60% to equities and 40% to gilts. This has led to an increase in liabilities over the period to 31 March 2024.

Further, inflation over the two years to 31 March 2024 has been higher than the long-term average assumed at the 2022 valuation. This has also caused an increase in the liabilities at 31 March 2024. However, this was partly anticipated when setting assumptions for the 2022 valuation, and as expected, long-term CPI inflation has fallen since March 2022 reducing the liabilities such that the actual CPI increases applied to members' benefits have been largely offset.

### Overall position

Although Fund assets have performed well over the period and, on average, have broadly been in line with the discount rate since March 2022, we estimate that the increase in liabilities has resulted in a reduction to the overall funding position as at 31 March 2024, compared to the previous valuation.

**Melanie Durrant FIA**  
**Partner, Barnett Waddingham LLP**



## 17a) Actuarial Present Value of promised Retirement Benefits

In addition to the triennial funding valuation, the Fund's actuary also undertakes a valuation of the pension fund liabilities on an IAS 19 basis every year using the same base data as the funding valuation rolled forward to the current financial year but taking account of changes in membership numbers and updating assumptions to the current year.

The actuarial (IAS19) present value of promised retirement benefits of the Pension Fund are set out in the following table. This reflects the underlying commitment of the Pension Fund in the long term to pay retirement benefits to its active (employee members), deferred and pensioner members. The liabilities include an allowance for the potential impact of the McCloud judgement. The value of the Fund's Assets in the table below is the net assets as per the pension fund's Net Asset Statement.

| <b>31 March 2023</b> |   | <b>31 March 2024</b> |
|----------------------|---|----------------------|
| <b>£000</b>          |   | <b>£000</b>          |
| (3,284,749)          | Present Value of the defined benefit obligation | (3,318,503)          |
| 3,028,870            | Fair Value of Fund Assets (bid value)           | 3,458,279            |
| <b>(255,879)</b>     | <b>Net (Liability) / Asset</b>                  | <b>139,776</b>       |

In order to assess the value of the benefits on this basis, the actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see note 17), in particular IAS19 stipulates a discount rate rather than a rate that reflects market rates. The actuary has also used valued ill health and death benefits in line with IAS19.

| <b>2022/2023</b> |                    | <b>2023/2024</b> |
|------------------|--------------------|------------------|
| <b>% pa</b>      | <b>Assumptions</b> | <b>% pa</b>      |
| 4.80             | Discount Rate      | 4.95             |
| 2.85             | Pension Increases  | 2.85             |
| 3.85             | Salary Increases   | 3.85             |

The sensitivity of the assumptions on the value of liabilities have been calculated in the tables below:

|  | <b>£000</b>    | <b>£000</b>    |
|--|----------------|----------------|
| <b>Sensitivity to:</b>                     | <b>+0.1%</b>   | <b>-0.1%</b>   |
| Discount Rate                              | (3,263,879)    | (3,374,596)    |
| Long Term Salary Increases                 | (3,321,886)    | (3,315,147)    |
| Pension Increases and deferred revaluation | (3,372,317)    | (3,266,082)    |
|  | <b>+1 year</b> | <b>-1 year</b> |
| Life Expectancy Assumptions                | (3,443,061)    | (3,199,039)    |

## 18) Long Term Debtors

As at 31 March 2024 the Fund had no long term debtors (2022/2023 nil).

## 19) Current Assets

| 2022/2023<br>£000 | Current Assets                                 | 2023/2024<br>£000 |
|-------------------|--|-------------------|
| 1,552             | Contributions due from Administering Authority | 1,679             |
| 8,572             | Contributions due from other scheme employers  | 8,629             |
| 0                 | Civil Service Pensions Scheme                  | 0                 |
| 0                 | Bulk Transfer due from other Local Authorities | 0                 |
| 421               | Other  | 2,107             |
| <b>10,545</b>     |  | <b>12,415</b>     |
| 66,445            | Cash   | 97,280            |
| <b>76,990</b>     | Current Assets                                 | <b>109,695</b>    |

The cash balance of £97.280 million is held in the Fund's own bank accounts. Cash held by the Fund's managers is included in cash deposits in Note 13.2 above.

## 20) Current Liabilities

| 2022/2023<br>£000 | Current Liabilities                                      | 2023/2024<br>£000 |
|-------------------|--|-------------------|
| 710               | Administration costs etc. due to Administering Authority | 403               |
| 2,304             | Investment managers' fees                                | 336               |
| 127               | Other professional fees                                  | 188               |
| 0                 | AVCs in transit  | 0                 |
| 0                 | Death grants   | 0                 |
| 225               | Other  | 793               |
| <b>3,366</b>      |  | <b>1,720</b>      |
| 0                 | Provision for Tax Reclaims over 1 Year                   | 0                 |
| <b>3,366</b>      | Current liabilities                                      | <b>1,720</b>      |

## 21) Additional Voluntary Contributions

Scheme members have the option to make additional voluntary contributions to enhance their pension benefits. These contributions are invested separately from the Fund's assets with Prudential and the Standard Life Assurance Company. The figures disclosed in the 2022/2023 financial statements for Standard Life were draft and have been restated to accurately reflect the in year movements and correct closing balance. The reported closing balance was £0.730 million but the correct position was £0.655 million.

| <b>2022/2023</b><br><b>£000</b><br><b>Restated</b> | <b>Additional Voluntary Contributions</b> | <b>2023/2024</b><br><b>£000</b> |
|--|---|---------------------------------|
| <b>6,209</b>                                       | Value at 1 April                          | <b>6,173</b>                    |
|  | <b>Income</b>                             |                                 |
| 992  | Contributions received                    | 1,368                           |
| 13   | Transfers received                        | 34                              |
|  | <b>Expenditure</b>                        |                                 |
| (531)  | Retirements                               | (1,035)                         |
| 0  | Transfers values paid                     | (24)                            |
| <b>474</b>   | <b>Net Income and Expenditure</b>         | <b>343</b>                      |
| (510)  | Change in market value                    | 364                             |
| <b>6,173</b>                                       | Value at 31 March                         | <b>6,880</b>                    |

In accordance with Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, additional voluntary contributions are excluded from the Fund Account and Net Assets Statement.

| <b>Breakdown of AVC Providers</b> |                   |                      |              |
|-----------------------------------|-------------------|----------------------|--------------|
|                                   | <b>Prudential</b> | <b>Standard Life</b> | <b>Total</b> |
|                                   | <b>£000</b>       | <b>£000</b>          | <b>£000</b>  |
| Value at 1 April 2023             | <b>5,518</b>      | <b>655</b>           | <b>6,173</b> |
| <b>Income</b>                     |                   |                      |              |
| Contributions received            | 1,366             | 2                    | 1,368        |
| Transfers received                | 34                | 0                    | 34           |
| <b>Expenditure</b>                |                   |                      |              |
| Retirements                       | (902)             | (133)                | (1,035)      |
| Transfers values paid             | 0                 | (24)                 | (24)         |
| <b>Net Income and Expenditure</b> | <b>498</b>        | <b>(155)</b>         | <b>343</b>   |
| Change in market value            | 337               | 27                   | 364          |
| <b>Value at 31 March 2024</b>     | <b>6,353</b>      | <b>527</b>           | <b>6,880</b> |

## 22) Related Party Transactions

Pension Fund Committee members and relevant senior officers are required to declare any interests in related party transactions and relationships between themselves, and their related parties, and the Pension Fund. Some of the Committee members also act as councillors or board members of the Fund's scheduled or admitted bodies, who maintain a conventional employer relationship with the Fund. Committee Members are also required to declare any company directorships. These are listed below but do not include representation of their respective bodies as Committee members:

- Councillor McMurdo is a member of the Bedfordshire & River Ivel Drainage Board.
- A member of Councillor McMurdo's immediate family is an employee of the Sharnbrook Academy Federation.
- Councillor Sawyer is a Director at Bedford Consulting Limited.

- Councillor Wenham is a Director at Raynsford Church of England Academy, Southeast Midlands Local Enterprise Partnership Limited, Henlow Pavilion Management Limited and Rasear Limited.

There were no material transactions between members and officers and the Fund during 2023/2024.

The only material related party transactions during 2023/2024 were in respect of contributions paid by the employing bodies into the Fund. See Note 7.

Amounts owed to and from the administering authority can be seen in Notes 19 and 20.

The disclosures required by the above legislation can be found in the main accounts of Bedford Borough Council.

Administration and investment management costs include charges by Bedford Borough Council for providing services in its role as administering authority. For 2023/2024 these amounted to £1.4 million (2022/2023 £1.4 million).

The Administration team provide the legacy payroll for Teachers pension added years.

The Fund pays compensatory added years benefits on behalf of some of its employers. The costs of these are invoiced to the employer. In 2023/2024, £3.1 million (2022/2023 £2.8 million) was paid and recovered from employers.

### *Key Management Personnel*

There are three senior officers of Bedford Borough Council involved in the financial management of Bedfordshire Pension Fund. They are the Assistant Chief Executive (Finance), the Fund Administrator and the Chief Officer for Bedfordshire Pension Fund. These officers charge a proportion of their time to the Pension Fund as part of Bedford Borough Council's role as administering authority. In 2023/2024, their remuneration was as follows:

| 2022/2023<br>£000 |                          | 2023/2024<br>£000 |
|-------------------|--------------------------|-------------------|
| 102               | Short-term benefits      | 139               |
| 26                | Post-employment benefits | 24                |
| <b>128</b>        |                          | <b>162</b>        |

### *23) Contingent Liabilities and Contractual Commitments*

There were no material contingent liabilities as at 31 March 2024. However, there were outstanding capital commitments to investment vehicles of up to £719.2 million (31 March 2023: £397.3 million). These commitments relate to outstanding call payments (including recallable distributions) due on unquoted investments in infrastructure, private equity, real assets, private debt and climate opportunities. The amounts drawn down by the managers are irregular in both size and timing over typical periods of up to 6 years from the date of the original commitments.

The outstanding capital commitments are shown below:

| <b>Table 23 Contingent Liabilities and Contractual Commitments</b> |                                 |
|--|---------------------------------|
| <b>Estimates at 31 March 2024</b>                                  | <b>GBP Commitments<br/>£000</b> |
| <b>BCPP</b>  |                                 |
| Climate opportunities  | 28,178                          |
| Infrastructure   | 239,167                         |
| Private Credit   | 173,347                         |
| Private Equity   | 113,292                         |
| Global Real Estate   | 120,000                         |
| <b>Pantheon</b>  | 3,312                           |
| <b>Abrdn</b>   | 28,312                          |
| <b>Gresham Hse BSIF II</b>   | 13,603                          |
| <b>Total</b>   | <b>719,211</b>                  |

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# Annual Governance Statement

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2023/24

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## Executive Summary

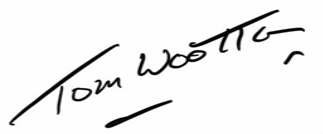
The Annual Governance Statement is a statutory document, which explains the processes and procedures in place to enable the Council to carry out its functions effectively. Regulation 6 (1) of the Accounts and Audit (England) Regulations 2015 requires all relevant bodies to prepare an Annual Governance Statement (AGS). The AGS reports publicly on the effectiveness of governance and internal control arrangements and how the Council has complied with its Local Code of Corporate Governance, including how it monitors effectiveness. The Governance Framework was in place at Bedford Borough Council for the year ended 31 March 2024 and up to the date of approval of the annual statement of accounts.

Bedford Borough Council is committed to enhancing Bedford Borough as a place where people, communities and businesses can grow and realise their potential. Following elections in May 2023, resulting in a new administration, the 2023/24 financial year was a transition year between the [Corporate Plan 2022-26](#) and the new [Corporate Plan 2024-2028](#). However, to be successful the Council must have a solid foundation of good governance and sound financial management. The Council's Local Code of Corporate Governance ensures that we are doing the right things, in the right way, in line with our values. The Code is supported by a Governance Framework that sets out how and what the Council will seek to obtain assurance on. A copy of the Council's [Local Code of Corporate Governance](#) and [Governance Framework](#) are available on our website.

### Approval of the Annual Governance Statement

The Mayor and Chief Executive both recognise the importance of having a solid foundation of good governance and sound financial management. We confirm we have been advised of the implications of the review by Senior Management and the Audit Committee and are satisfied that the steps outlined in this document address the areas for improvement. Through the actions referred to in the Action Plan on page 23, we have addressed the issues that have been identified, with a view to further enhancing our governance arrangements. These steps identified improvements needed and we are monitoring their implementation and operation as part of our next annual review.

### Signed on behalf of Bedford Borough Council:



**Tom Wootton, Elected Mayor**  
**28 February 2025**



**Laura Church, Chief Executive**  
**28 February 2025**

### Introduction

Bedford Borough Council is a Unitary Authority with a directly elected Mayor. The present Mayor was elected in May 2023 for a four-year term. The Mayor has executive powers and selects councillors to be on his Cabinet. Each Cabinet member takes on a portfolio of responsibilities for particular service areas.

In May 2023, the Borough elected 46 councillors for a four-year term to represent the 28 local wards across urban and rural parts of Bedford Borough. Across the area of Bedford Borough, there are also 47 parish and town councils. Following the election in May 2023, and in by-elections since, the make-up of the Council is as follows:

| Party             | May 2024 seats |
|-------------------|----------------|
| Labour            | 13             |
| Conservatives     | 15*            |
| Liberal Democrats | 13             |
| Green             | 3              |
| Independent       | 3              |

*\*including the Mayor*

The Council's gross expenditure budget for 2023/24 was £376.7 million. The net Budget for 2023/24 was £158.5 million, funded from the following sources:

- Government Grant - £6.9 million
- Business Rates - £41.7 million
- Council Tax - £109.8 million

On 7 February 2024, the Council agreed the net budget for 2024/25 of £170.2 million, requiring savings of £6.4 million.

2023/24 continued to be financially challenging with demands arising from inflation, and demand-led pressures in Temporary Accommodation, Adults and Childrens Social Care Packages and School Transport. Continuing to provide support and care for the most vulnerable residents, and a first-class service for all, remains the Council's priority and this informs decisions going forward.

It is recognised that recruitment and retention remain a challenge for the Council, so additional actions were developed during 2023/24 to tackle this issue.

The Performance Management Framework continued to operate effectively during the year. The outturn against the Corporate Plan 2022-24 was reported to Executive on 11 September 2024 in the Corporate Plan Delivery Report for 2023/24.

The Council's ongoing Transformation Programme is aligned with the delivery of the Council's Corporate Plan. The Transformation Programme sets out the changes to the operating model in relation to support and enabling activities and strategic core activities.

The Council has developed a new Corporate Plan, for 2024-2028, to reflect the new administration's priorities. A draft was considered by Executive on 18 October 2023, and the final [Corporate Plan 2024-2028](#) was agreed by Full Council on 27 November 2024.

This Annual Governance Statement assesses the governance arrangements that were in place during 2023/24.

## Code of Corporate Governance

### Scope of Responsibility

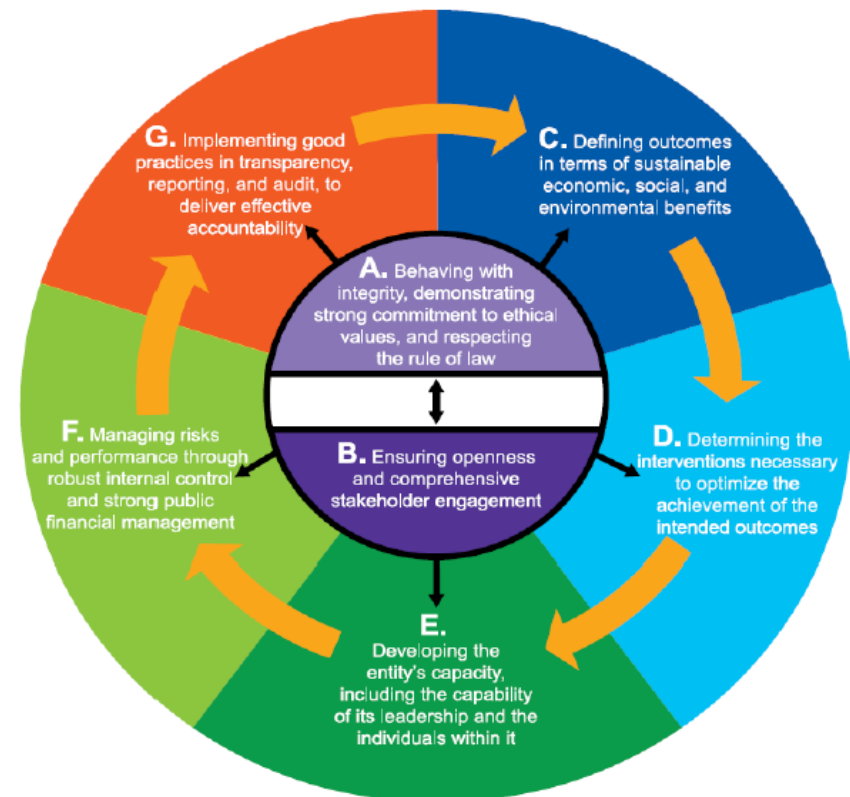
Bedford Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money allocated to it is safeguarded, properly accounted for, and used economically, efficiently and effectively in accordance with the Local Government Act 1999 and to also make arrangements to secure continuous improvement in the way in which its functions are exercised. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

Members and senior officers are responsible for putting in place proper arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal. The Corporate Leadership Team (CLT), which comprises the Chief Executive and Directors supported by Statutory Officers (Section 151 Officer and Monitoring Officer), manage this task.

The Council has adopted a Local Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA), and Society of Local Authority Chief Executive's (SOLACE) Framework Delivering Good Governance in Local Government Guidance Notes for English Authorities 2016. The Annual Governance Statement explains how the Council has complied with its Local Code and the requirements of the Accounts and Audit (England) Regulations 2015 (amended 2024), which requires all relevant bodies to prepare an Annual Governance Statement.

The Local Code of Corporate Governance was updated during 2023/24, approved by the Audit Committee in March 2024, and ratified at Full Council on 20 March 2024.

The Council's **Local Code of Corporate Governance** sets out the principles of good governance and describes the arrangements the Council has put in place to meet each of these principles:



## Governance Framework



## The System of Internal Control

The governance framework described above comprises the systems and processes, culture and values, by which the Council directs and controls its activities, and how it leads, engages with and accounts to the community it serves. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The Council's governance framework addresses the way the Council is controlled and managed, both strategically and operationally, and how it will deliver its services. The Framework recognises that the Council's business focuses on its corporate priorities and seeks to facilitate delivery to local communities of the goals set out in the Corporate Plan.

The Council has designed systems and processes to regulate, monitor and control its activities to achieve its vision and objectives.

The system of internal control is a significant part of that framework; designed to manage risk to an acceptable level. It cannot eliminate all risk of failure to achieve the Council's aims and objectives, but it seeks to provide reasonable rather than absolute assurance of effectiveness.

The system of internal control is designed to identify, prioritise and manage the risks to the achievement of the Council's aims and objectives.

## Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. This review is informed by:

- The work of the Corporate Governance Working Group, who have responsibility for the development and maintenance of the governance environment.
- The Annual Internal Audit Assurance opinion, as provided by the Chief Officer for Internal Audit. The Audit Committee relies on the work of Internal Audit to ensure there is an adequate and effective internal control environment. This remained a key source of assurance for the Council in 2023/24.
- Comments made by the external auditors and other review agencies and inspectorates; and
- The Audit Committee's work programme, which ensures that the elements of the governance framework are in place, to ensure compliance with the principles. An annual report of the Audit Committee for the full calendar year 2023/24 was presented to Full Council in July 2024.

As part of the review of effectiveness, the Council's senior managers have completed assurance statements for each of their areas of control, acknowledging responsibility for risk management and internal control, and certifying compliance with the arrangements in place throughout 2023/24. These assurance arrangements are consistent with the Governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019).

### The assurance statements provided by the Council's senior managers identified the following successes:

- The Council continued to deliver all critical services in 2023/24 and remained compliant with statutory requirements despite significant pressures in social care and ongoing recruitment issues in several key service areas.
- The Council has put in place a Workforce Strategy for 2022-2026 which sets out its bold ambition to empower and support staff to fulfil their potential and undertake their job in the best possible way; making the Council an employer of choice. Initiatives in place include an Apprenticeship Strategy, a number of Staff Networks, wellbeing initiatives, and improved staff communications.
- The Council is also working on a number of initiatives to increase permanent staff, reducing the need for higher cost agency staff. The addition of market rate supplements to basic salary has been helpful in ongoing recruitment in some service areas.
- Improved contract management and oversight, particularly with recently retendered contracts. There has been a decrease in 'off contract spend' in some areas, particularly Children's Services.

A number of **governance issues and weaknesses** were also identified:

- **Contracts register and contract monitoring:** Whilst recognising the progress that has been made, the recording of contracts and subsequent contract management remains an issue of concern. Challenges include:
  - the capacity of managers and services to procure and manage contracts effectively due to conflicting demands on staff resources.

- ensuring-off contract spend is recorded on the Contracts Register; and
- retendering in a timely way.

- **Recruitment, Retention and Capacity:** Recruitment continued to be challenging in professional, technical and demand-led service areas. This is affecting most local authorities and continues into 2024/25. The initiatives taking place in relation to recruitment and retention are addressing workforce capacity and resilience.
- **Information Governance:** Key strategic documents need reviewing:
  - the Knowledge and Information Strategy needs to be reviewed and updated to ensure adequate and effective information governance arrangements, and
  - the Council's corporate Document Retention and Destruction Policy, and Electronic Document Retention Strategy needs to be reviewed and updated.
- **Safeguarding of Assets:** There are significant issues regarding maintenance of assets resulting in considerable financial investment being required. Several sites have been subject to ongoing leaks/flooding due to poor maintenance. There was a historic lack of maintenance of Leisure facilities, in particular, requiring significant investment to bring the buildings back to an acceptable standard. Following review, a more robust and transparent process for developing the repairs and renewal (R&R) programme and agreeing the budgets has been identified. The original Capital Asset Forum was, therefore, replaced by the new Strategic Asset Group (SAG) in February 2024.
- **Ethics – Declarations of Interest:** Arrangements for completing, reviewing and retaining individual officers' conflicts of interest declarations vary across the Council.



## Annual Governance Statement 2023/24

Whilst the assurances mentioned above have been obtained from senior managers, to support the conclusion that the Council's governance arrangements are adequate and effective, it is important that the following **specific assurances** be considered to support this Annual Governance Statement:

### Chief Executive

The Chief Executive is responsible for the overall corporate and operational management of the Council. The Chief Executive has considered these responsibilities within the context of this Statement and can confirm that the Council has proper arrangements in place for the overall operation and management of the Council. The Chief Executive has no significant concerns to report.

The change of administration in May 2023 led to an additional focus on the Council's constitution including the Conflict Resolution Procedure and Call-In of Executive decisions which reflect that the Council is being run by a minority administration. Additional preparation and advice was sought at budget setting time to take account of potential scenarios.

Regular meetings between the Chief Executive, Monitoring Officer and the Section 151 Officer have continued. There was a permanent appointment to the s151 role. However, following a resignation, an Interim Monitoring Officer was put in place in January 2024 from an experienced Senior Officer within the Council.

2023/24 continued to be a tough financial challenge with demands from inflation cost of living and increasing complexity of need. Reflecting on these challenges, additional senior management capacity was added on an interim basis to focus on Temporary Accommodation, HR and Organisational Development.

Given that the contracts register and contract compliance has continued to be a focus of the Annual Governance Statement, Director oversight has moved to the s151 officer, and the time of the lead Chief Officer focused on commissioning and procurement.

Ensuring preparedness and maintaining readiness for key external assessments remains a key focus for a number of areas of the Council. An additional external review of key areas of Council activity has been introduced by the Government called the Office of Local Government and compares local government performance on waste management, corporate and finance, adult social care, planning and roads.

There remain significant opportunities to improve the joining of performance data and financial data. To support this the Council has used the Apprenticeship Levy to support the establishment of a Data Academy. This will improve capability across the Organisation.





### Chief Finance Officer (Section 151)

The Chief Finance Officer (CFO) role is responsible for the development and maintenance of the Council's financial governance, risk and control frameworks, which ensure that financial decision-making is both lawful and prudent. The CFO is also responsible, in accordance with Section 151 of the Local Government Act 1972, for the proper administration of the Council's financial affairs. The CFO has considered these responsibilities within the context of this Statement and can confirm that the Council's arrangements meet the requirement to be proper as set out in Section 151 of the Local Government Act 1972. Additionally, the Council complies with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2016) and the CIPFA Code of Practice on Local Authority Accounting for 2023/24.

The CFO presented the annual report on the adequacy of the current arrangements for the proper financial administration of the Council, for 2023/24, to the Audit Committee on 26 June 2024. This included a description of the key controls in place.

The governance arrangements and system of internal control aim to provide as much assurance as is reasonably possible (not absolute assurance) that assets are safeguarded, transactions are properly authorised and recorded, and that material errors or irregularities are either prevented or can be detected promptly. The CFO, in conjunction with the Finance Management Team, has reviewed the governance and effectiveness of the systems of internal control, informed by:

- regular scrutiny of financial and performance monitoring data.
- Internal audit reports on the systems of internal control; and
- self-assessment of the arrangements supporting the Annual Governance Statement.

The CFO is satisfied that internal control systems in operation during the year were adequate and effective, and that progress is being made to address the issues raised in the last AGS. The Action Plans to resolve the concerns on contract management, recruitment and retention and organizational capacity have improved but continue to be an issue for the Council.

The concerns raised last year by the CFO in relation to the capacity in public audit is an ongoing issue. Whilst recognizing this is a national issue, the Council's external auditors advised they would be unable to carry out sufficient audit work for 2022/23 and they issued a "disclaimer opinion" in December 2024, thereby reducing the reliance that can be placed on the Council's financial position by the public and other stakeholders. The 2023/24 Budget position reported in-year showed the Council was continuing to manage significant demand pressures specifically in Adult Social Care, Temporary Accommodation and Schools Transport. Whilst overall the Council reported an underspend at the end of the year, this was as a result of implementing spending controls and use of additional reserves to balance the budget. The programmes already underway in these areas aim to reduce demand and costs, have continued into 2024/25, as do the existing spending controls.

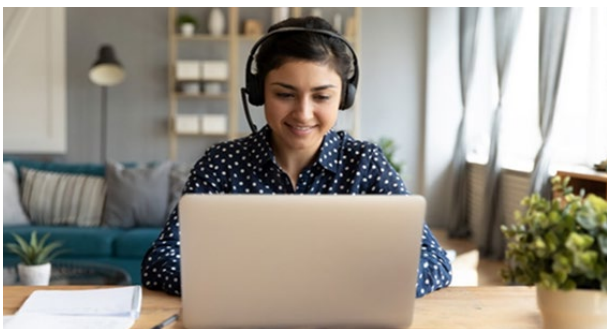


Full Council agreed the budget for 2024/25 on 7 February 2024, requiring savings of £6.4 million and a one-off allocation from reserves of £2.0 million to set a balanced budget. Financial performance is reported on a quarterly basis to Members.

The Council has robust financial management arrangements, the Medium-Term Financial Strategy refresh presented to Council in March 2024, highlighting a funding gap of £15 million in 2025/26, with a cumulative gap of £39.2 million by 2028/29. These forecasts were based on a number of assumptions and in light of even greater uncertainty in relation to public sector funding over the Medium Term.

Funding the gap will require significant savings and efficiencies. The Council's Transformation Programme was approved on 28 October 2020 to meet the funding gap over the medium-term and was updated for the 2024/25 budget. Delivery of the programme has been based on a number of key themes: managing demand better, developing the workforce operating model, effective contract management and commercialization, and harnessing investment in technology, and Directorate Service Proposals that look at what and how specific services are delivered.

Effective arrangements are in place to ensure that the Council achieves a balanced budget in 2025/26, which incorporates the recommendations of the Council's Peer Review to be in a position to deliver sustainable public services over the medium-term.



## Monitoring Officer

The Council's Monitoring Officer is a statutory post with responsibility for the legal governance of the authority. The Monitoring Officer is required to report to the Council in any case where it appears that any proposal, decision or omission by the Council and/or Executive has given rise to or is likely to or would give rise to any contravention of any enactment, rule of law or code of practice or maladministration or injustice in accordance with Sections 5 and 5A of the Local Government and Housing Act 1989. The Monitoring Officer has considered these responsibilities, within the context of this Statement, and to the best of their knowledge has no significant concerns to report and has had no reason to submit a report in accordance with the above. The Council had changes of Monitoring Officer in 2023/2024 with the current officer appointed from January 2024.

The Monitoring Officer has responsibility for responding to complaints about the standards of conduct of borough and parish councillors and also the police and crime commissioner.

Local elections were held in May 2023 for the directly elected Mayor and all ward councillors. This resulted in a change of Mayor and administration for the first time in almost 14 years, with the new administration operating as a minority administration.

The change in political control, coupled with a minority administration, has changed the dynamics of the Council and its Committees. For the first time the "conflict resolution process" for decisions to be taken under the Council's Policy and Budget Framework has been engaged. There has also been an increased focus on Constitutional matters such as procedure rules for conduct of Full Council and committee meetings.

The Monitoring Officer is satisfied that the Council has robust processes for decision-making, but this can always be strengthened further.

## Annual Governance Statement 2023/24

The Monitoring Officer has responsibility for keeping the Council's Constitution updated. The Constitution Review Working Group continued its work through 2023/24 to review and update further parts of the Constitution and this process has continued into 2024/25.

The Standards Committee on the 12 March 2024, considered its work programme over this year and there were no significant matters highlighted for consideration by the members. In accordance with the Constitution, the Standards Committee monitors standards of conduct of Members and advises the Council, where necessary, on probity issues.

Based upon the complaints received and dealt with over the year, the Monitoring Officer is not aware of significant concerns regarding Borough Council Member conduct. There have been a very small number of complaints alleging a breach of the Member Code of Conduct during 2023/24. However, significant concerns have emerged regarding the conduct of one parish council due to an exceptional volume of complaints received from members of that parish council. A sub-committee of the Standards Committee is working to assist that parish council in improving standards of conduct.

The Monitoring Officer has recognised the improvements that have been made in information governance, but further improvement remains a priority.

Since 2024/25 was an election year for the Police and Crime Commissioner and there was a general election, the Monitoring Officer was appointed Deputy Returning Officer to support the Returning Officer to preparing for and deliver an efficient and lawful election.



### Chief Officer for Internal Audit

In accordance with the Accounts and Audit Regulations 2015 and the Public Sector Internal Auditing Standards (PSIAS), the Chief Audit Executive (the Chief Officer for Internal Audit at the Council) is required to provide independent assurance and an opinion on the adequacy and effectiveness of the Council's risk management and control framework. The internal audit service delivers an annual programme of risk-based audit activity, including counter-fraud and investigation activity and makes recommendations for the improvement of management of risk and control.

The Audit Committee approved the Internal Audit Plan for 2023/24 in March 2023. The Chief Officer for Internal Audit was satisfied that sufficient work was undertaken during 2023/24 to draw a reasonable conclusion on the adequacy and effectiveness of the Council's arrangements to manage its systems of internal control and its governance processes, including risk management. The Chief Internal Auditor's annual report for 2023/24, was presented to the Audit Committee on 26 June 2024, with an opinion on the effectiveness of these arrangements:

## Annual Governance Statement 2023/24

*"The opinion on the Council's Internal Control environment, based upon the audit work undertaken, is that overall it provides good controls, in most but not all areas, with a low risk of not achieving objectives and that the key controls in place are adequate and effective, such that reasonable assurance can be placed on the operation of the Council's functions."*

It should, however, be noted that all risks of failure cannot be eliminated, and the assurance given is therefore reasonable and not absolute.

During 2023/24 Internal Audit completed its annual self-assessment against the Public Sector Internal Audit Standards (PSIAS) 2013, revised in 2017. The results of the self-assessment, confirming substantial compliance, were reported to the Audit Committee at its meeting in June 2024.

All key financial systems were audited in 2023/24, and audit reports were provided to management and the outcomes reported to the Audit Committee. One outstanding high priority recommendation, relating to sickness monitoring in 2022/23, was reported to the Audit Committee during 2023/24 and was monitored until it was resolved. A further high priority recommendation for 2023/24 was raised relating to the closure of the previous Leisure contract.

Internal Audit assessed the Council's corporate governance arrangements by measuring them against the requirements of the governance framework outlined in the CIPFA/SOLACE publication "Delivering Good Governance in Local Government".

This included an audit of the Council's Risk Management and Performance Management arrangements, both of which received a Substantial Assurance audit opinion. The Risk Management Strategy was updated during the year and approved by Executive in November 2023. The operational risk registers were all updated during 2023/24. The Strategic Risk Register was received and reviewed by the Executive at its June 2023 meeting.

## Anti-Fraud and Corruption

The Council is committed to the prevention and detection of fraud and has established a robust framework in this regard which includes:

- Anti-Fraud Strategy
- Fraud Risk Register
- Corporate Confidential Reporting Policy
- Bribery and Anti-Money Laundering Policies

The Chief Officer for Internal Audit attends Audit Group meetings with other Local Authorities, which share fraud intelligence, and the Council is a member of the National Anti-Fraud Network (NAFN) receiving regular fraud alerts. The Council also participates in the bi-annual national Fraud Initiative (NFI). The Fraud team's annual performance results are reported to the Audit Committee each year.

## External Audit

The Council's external auditors (EY LLP) concluded their audit of the 2022/23 Statement of Accounts for Bedford Borough Council and Bedfordshire Pension Fund, issuing a "disclaimer opinion" in December 2024. The disclaimer opinion was due to the auditor's lack of capacity to conduct the audit, and this is detailed in their audit opinion on page 161 of the [Council's audited accounts](#) for 2022/23. EY concluded that the Council had effective arrangements to secure Value for Money in 2022/23.

The Council's new external auditors (KPMG LLP) are completing their audit of the 2023/24 Statement of Accounts, also a disclaimed opinion, by the end of February 2025.



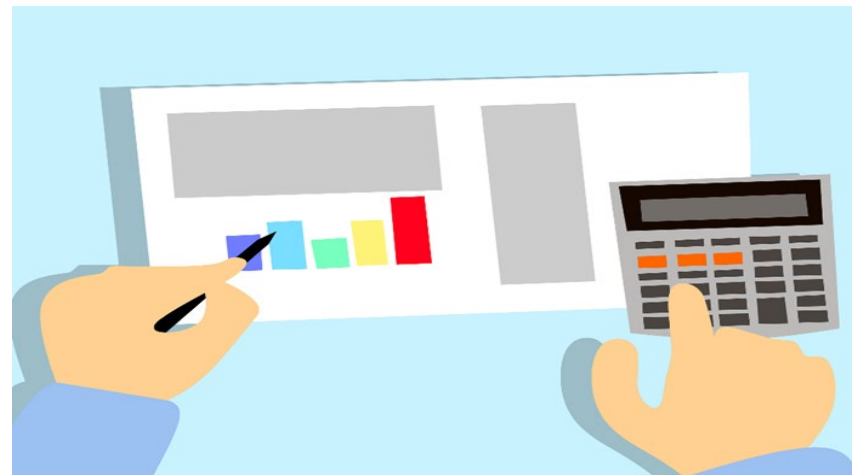
### Other assurances

#### CIPFA Financial Budget Monitoring Review

The Council has continued to enhance the robustness of budget management processes, to enable more informed and timely resource management decisions.

Budget monitoring meetings are held with Portfolio Holders, Directors, Chief Officers and Finance to discuss and analyse the monthly forecasts for revenue and capital budgets. The breadth and inclusivity of the discussions at Budget Monitoring meetings has enabled Budget Holders to be more informed and able to give greater insight into their budgets and forecasts to ensure better financial decisions are made.

This was particularly important in 2023/24 due to significant pressures in demand led services. The Council implemented a range of cost reduction strategies to reduce the projected overspend including funding capital projects from internal borrowing instead of revenue budgets, reducing costs where possible and releasing reserves to fund one-off costs whilst maintaining the General Fund Balance. In addition to this, budget monitoring reports and meetings during 2023/24 put an enhanced focus on high-risk areas and project boards were set up to review and address spend related to the high-risk demand led services.



#### CIPFA Financial Management Code

The CIPFA Financial Management Code translates the principles of good financial management into a series of financial standards that comprise leadership and accountability, governance and financial management, medium term financial planning to inform and ensure financial resilience, monitoring financial performance to address emerging issues through to financial reporting. Taken together these financial management standards underpin the effective governance of the use and control of resources utilised by the Council in pursuance of its stated objectives.

2021/22 was the first full year requiring demonstration of compliance. The Council complies with the requirements of the Financial Management Code. Most statements are 'Green' but there are some 'Amber'-rated statements reflecting opportunities for strengthening existing practice and/or ensuring that existing practice is embedded across the Council. There are no 'Red' statements, or areas of non-compliance. The full report on compliance with the Code for 2023/24 was considered by the Audit Committee in June 2024 as part of the Chief Finance Officer's report on the financial administration of the Council.

### Corporate Plan and Transformation Programme

The process for reporting performance against the current Corporate Plan continued throughout 2023/24, aligned to the delivery of the Transformation Programme. Quarterly (key indicator) performance reports and a monthly dashboard of high-level performance indicators were provided to the Executive and Management Team for review and intervention. Overview and Scrutiny Committees also reviewed performance on a regular basis.

The performance against the Corporate Plan was reported to Executive on 13 September 2023 in the annual outturn report for 2022/23; this included information on the successes and challenges throughout the year.

The outturn report for 2023/24 was reported to Executive on 11 September 2024.

The Council's ongoing Transformation Programme is aligned with the Council's Corporate Plan 2022-2026. The Transformation Programme sets out the changes to the operating model in relation to support and enabling activities and strategic core activities. How these are organised (structures), delivered (commissioned / procured) and process re-engineered (digital operating model) will reduce the cost of delivery and better meet the needs of residents and businesses.

The Performance Management Framework has continued to operate effectively during the year although a new Data Strategy 2024-2029 is currently in development.

### Corporate Plan 2024-2028

Following the elections in May 2023 the new Executive proposed a new Corporate Plan to reflect its priorities. As part of the development of the new Plan, the Council engaged with its staff, stakeholders and residents over an extended timetable, taking on board comments from the LGA Corporate Peer Challenge to take more time to consider the Council's priorities. The Executive considered the outcomes of the engagement work in Autumn 2024, and Full Council approved the Corporate Plan 2024-2028 in November 2024.

The plan sets out four priorities and key objectives:

- Supporting Individuals and Families
- Protecting the Environment
- Stimulating Economic Growth in Bedford Borough
- Promoting Health and Wellbeing

The high-level Plan will be supported by detailed development in Directorate Strategies and service plans.



### Overview and Scrutiny

The Overview and Scrutiny (O&S) Committee process has provided challenge and has monitored the Council's policies and performance on an ongoing basis.

During 2023/24 the Members of O&S have continued to work together, developing and using their knowledge and expertise, and that of others to the best effect. An evidence-based approach to the O&S work has been instrumental in achieving good results.

There have been contributions from a range of stakeholders, including voluntary sector organisations, officers and Members of the Council. Key areas have been considered by the [overview and scrutiny committees](#) such as Homelessness and Temporary Accommodation; Budget Scrutiny; EWR impact on air quality; Children's Centres, School Place Planning Capacity and Feasibility Assessment; GP Access Review; Musculoskeletal Health Services; Adult Social Care Workforce Recruitment and Retention and Direct Payments to Adult Services and many more key areas affected residents of Bedford Borough.

There has also been joint scrutiny between overview and scrutiny committees to work collaboratively with issues crossing over one or more committee work programmes.



### Audit Committee

In May 2022, CIPFA published its Position Statement on Audit Committees in Local Authorities and Police 2022, setting out the purpose, model, core functions and membership of the audit committee. The statement represents CIPFA's view on the audit committee practice and principles that UK should adopt. CIPFA expects that all local government bodies should make their best efforts to adopt the principles, aiming for effective audit committee arrangements. This will enable those bodies to meet their statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.

The Audit Committee carried out a self-assessment of its effectiveness in September 2022, which resulted in a number of actions including the consideration of appointing an independent member to the committee.

Following the elections in May 2023, the new members of the audit committee received induction training on effective audit committees.



### Member Training and Development

The Council is committed to supporting the development of all Elected Members to enable them to perform effectively in their current roles and to develop to meet future challenges.

A full Member Induction and Development Programme was delivered to all Councillors in 2023, including the newly elected Councillors, and this continued in 2024 with specific training and development provision to ensure that Councillors receive full support in understanding the role of a Borough Councillor to better support the residents of the Borough. This includes statutory training such as Planning and Licensing legislation and processes.



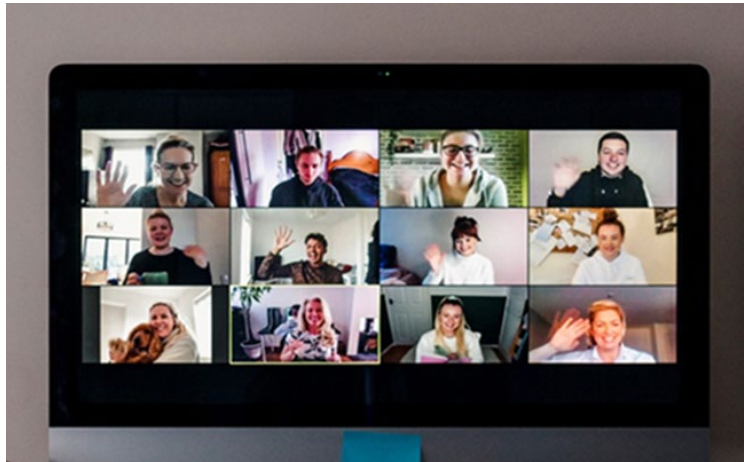
### Staff Training and Development

Statutory, mandatory, and essential continuous professional development training requirements within service areas are determined by Chief Officers through the completion of a training needs analysis on an annual basis. This is informed by development needs identified through the Council's annual Performance Development Review process and ongoing supervisory and 1:1 meeting throughout the year.

The Chief Executive is also subject to an annual performance review by a member panel.

### Online Learning Platform

The Council's online learning platform, BBOLT, offers an innovative and accessible approach to satisfy the learning needs of our agile workforce. The wide range of e-learning courses available via BBOLT offer the core of the Council's staff training programme, including statutory, mandatory, essential CPD and personal development training. It also provides an online booking functionality for in-person or virtual classroom training.



### Staff Engagement

The Council has in place a Workforce Strategy for the period 2022-2026 which sets out the Council's bold ambition to empower and support staff to fulfil their potential and undertake their job in the best possible way and to make sure the Council is an employer of choice.

Initiatives within the strategy that are already in place are an Apprenticeship Strategy to maximise apprenticeships within the Council and the use of the apprenticeship levy; a number of Staff Networks; Staff Recognition Scheme and wellbeing initiatives such as an Employee Assistance Programme, a Work Well page on the intranet, the introduction of Wellbeing Champions and a Workplace Mental Health Action Plan.

In addition, staff engagement and collaboration actions are in place including, Staff Pulse Surveys, the Big Conversation, Bedford Leaders, One Team Hour a general One Team and a One Team which spotlights on activities and achievements within specific services across the Council.

### Stakeholder Engagement

To provide services that are best suited to its customers, the Council listens to its citizens and stakeholders. Consultation around an issue helps tailor services and meet the needs of the community. Consultation helps garner views and preferences, help understand possible unintended consequences of a policy or decision, or to get views on implementing change. This ensures that decisions and policies are made from a strong evidence base.

The Council now also undertakes a more comprehensive Citizens' Survey (introduced in September 2023). This is an initiative designed to empower residents to help shape the future of Bedford Borough and make their voices heard and share their valuable insights and feedback on a number of services provided by Bedford Borough Council along with other essential agencies and stakeholders. The Citizens' Survey is a crucial tool for the Council to understand the needs and aspirations of our community. This feedback will be used to influence the key decisions we make as a Council, and we are committed to ensuring that the voices of all our residents are heard to help shape policies and priorities included in the Corporate Plan refresh.



During 2023/24, key public consultations included:

- Corporate Plan
- Citizens' Survey 2023
- Bedford Town Deal
- Council Tax Reduction Scheme 2024/25
- Budget and efficiency plan 2024/2025 consultation
- Bedford Borough New Staff consultation
- Bedford Borough staff onboarding consultation
- External Recruitment consultation
- Customer feedback/complaints/satisfaction consultation

### Complaints

In 2023/24, the Council responded to 450 complaints at stage 1 and 44 complaints at stage 2 of our Corporate Complaints Procedure. Additionally, 21 complaints were addressed via our Adult Social Care Complaints Procedure and 21 were addressed via our Children's Social Care Complaints Procedure. In total, 90.5% of complaints were responded to within the prescribed timescales. The Council identified some learning outcomes from the complaints received and these have been incorporated into changes in service provision.

The Local Government and Social Care Ombudsman (LGSCO) Annual Review Letter for 2023/24 was presented to Executive on 11 September 2024. The LGSCO recorded 49 complaints received during the year, with 7 being upheld and 19 referred back to the Council. Six of these had already been upheld through the Council's internal complaints process.

### Health and Safety

Health and Safety risk management is integrated within the Council's Constitution through its Financial and Contract Procedure Rules, its overall Risk Management Policy, Corporate Asset Plan, Contract Procedure Rules, Corporate Plan, the management of human resources, organisational development and change management, and is included in all the Council's management systems when and where appropriate.

The Council's Corporate Safety Steering Group, attended by a representative from each Directorate, meets every four months to review the effectiveness of health and safety management systems, arrangements, and organisation within each Directorate. The group is also open to Trade Union and non-Trade Union Health and Safety representatives.

Each Directorate provides a written report through its nominated Directorate Health and Safety Coordinator on its status in respect of the implementation of this Corporate Health and Safety Policy and progress against the respective Directorate Reports and Actions Plans, as appropriate.



### External Reviews

#### Children's Services - OFSTED

In February 2023 there was a joint inspection by OFSTED, CQC and HMICFRS of the Local Safeguarding Partnership.

The Council implemented an action plan to address the improvements required:

- The quality and timeliness of information-sharing between all professionals involved with children and their families need to improve. This includes information-sharing in the IFD when multi-agency safeguarding hub (MASH) checks are requested.
- The capacity of partner agencies and management oversight in the IFD needs to improve so that all agencies are involved in making appropriately informed decisions about the next steps for children.
- Management oversight of children subject to long-term neglect needs to improve, to ensure that the cumulative risk to children from long-term neglect is identified; and
- Bedford Borough Safeguarding Children Partnership's oversight of the effectiveness of early help and the Integrated Front Door needs to improve.

#### Children's Services – review of Care Costs

In late 2023, Children's Services commissioned a Children's Placements Efficiency Review to conduct an analysis of costs for children in care. The report made a number of recommendations, including some relating to improving governance and decision making, updating strategies and improving data recording.



#### Adults Services – Local Government Association review

A reflective review was undertaken to look at a variety of cost and activity metrics to help review and understand the use of resources in the provision of adult social care by the LGA (National Care and Health Improvement Adviser Finance).

The Local Government Association and Association of Directors of Adult Social Services are Partners in Care and Health (PCH) working with well-respected organisations. PCH helps councils to improve the way they deliver adult social care, and public health services and helps Government understand the challenges faced by the sector. The programme is a trusted network for developing and sharing best practice, developing tools and techniques, providing support and building connections.

The programme is funded by Government and offered to councils without charge.



### Local Government Association Corporate Peer Challenge

The Council undertook a Local Government Association (LGA) Corporate Peer Challenge (sometimes referred to as a 'peer review') from 31 October to 3 November 2023, with a focus on governance and financial planning and management.

The LGA has a programme of Corporate Peer Challenges for member local authorities where a team of member and officer peers from fellow local authorities will provide a "robust, strategic and credible challenge and support to councils".

As part of the process, the Council published the LGA's [Feedback Report](#) on its website. The Executive agreed an [Action Plan](#) in response to the LGA's recommendations, and work to deliver against those actions is underway. Actions focused on governance development, budget processes, and supporting the workforce.

There was a follow-up visit by the LGA, in October 2024, within 12 months of the Peer Challenge.



### External review of Electoral Services

The May 2023 election was the first Bedford Borough election for the current Chief Executive as the Returning Officer. Following the election, the RO worked with the Elections Team to highlight some lessons learnt and to commission an external review of Electoral Services by the Association of Electoral Administrators (AEA) in advance of the Police and Crime Commissioner elections in May 2024 and the General Election on 4 July 2024.

In July 2023, the AEA were asked to undertake an independent health check of electoral services delivery in the Borough. The review is designed to give Electoral Registration Officers (EROs) and Returning Officers an independent assessment of their electoral services function, consider areas of good practice and offer a constructive challenge.

The review made a number of recommendations for improvement, and the Action plan was presented to the General Purposes committee on 5 March 2024, detailing the improvements to be put in place prior to subsequent elections.

## Governance Conclusion, Governance Issues in 2023/24 and Action Plan

This Statement is intended to provide reasonable assurance. It is stressed that no system of control can provide absolute assurance against material misstatement or loss. The governance framework was in place at Bedford Borough Council for the year ended 31 March 2024 and up to the date of approval of the annual statement of accounts. Overall, the Council's governance arrangements remain adequate and effective.

Following the review of the Council's governance arrangements, by the Chief Officer for Internal Audit, **five** significant issues have been identified for 2023/24 that need to be addressed to ensure continuous improvement in the Governance Framework. The Council will complete the following key actions to address these issues (more detail at pages 23-27):

- **Contracts register and contract monitoring** – strengthen arrangements for managing contracts and the contracts register and improving adherence with Contract Procedure Rules.
- **Recruitment, Retention and Capacity** – continue with the project established in 2023/24 focusing on Recruitment and Retention, as this has yielded positive results in addressing recruitment, retention and capacity issues.
- **Information Governance** - review and update the Knowledge and Information Strategy, the Document Retention and Destruction Policy and Electronic Document Retention Strategy.
- **Safeguarding of Assets** – strengthen and clarify arrangements and responsibilities for asset maintenance programmes and budgets; and
- **Ethics** - strengthen arrangements for completion, review and retention of officer Conflict of Interest declarations.

The aim was to address these issues during the 2024/25 financial year, by way of an action plan as tabled below, which was subject to monitoring by the Audit Committee.

| 2023/24 ANNUAL GOVERNANCE STATEMENT ACTION PLAN |   |  |
|---|---|--|
| Issue No.                                       | Issue Identified and Recommendation   | Summary of Action Taken/Proposed   |
| 1   | <b>CONTRACTS REGISTER AND CONTRACT MONITORING</b>   | <p><b>Partly Implemented</b></p> <p><b>Responsible Officer: Corporate Leadership Team (CLT) and the Chief Officer for Commercial Services and Business Transformation</b></p> <p><b>Target date: 31 December 2024</b></p> <p><b>Update on Recommendation 1a:</b></p> <p>A new Procurement Board made up of CLT and Senior Procurement staff was established in March 2024 with the aim of the Board being the primary strategic decision-making body through which commissioning and procurement activity is governed. <b>IMPLEMENTED</b></p> <p>There is currently a review of the commissioning and procurement arrangements across the Council to ensure resources are sufficient and are in the right places to address the current weaknesses. This review is scheduled to be completed by June 2025. <b>IN PROGRESS</b> – <i>this has been delayed by the Council-wide restructure (Phase 2) which is due to be completed by June 2025.</i></p> <p><b>Revised target date: 30 June 2025</b></p> <p><b>Update on Recommendation 1b:</b></p> <p>The SC&amp;P team continue to use their Procurement Dashboard tool to analyse expenditure across the Council. This has identified non-compliance with the CPRs in some areas.</p> <p>There has been success in recruiting to the role of Senior Compliance Officer within the SC&amp;P team who works with service areas to ensure increased compliance with CPRs by reviewing off-contract spend, providing training, and support with commissioning and procurement regulations and ensuring contracts are recorded and placed upon the contracts register.</p> <p>Regular Procurement Dashboard reports will continue to be produced by the team, and monitored by the Procurement Board, to ensure compliance with CPRs and identify issues.</p> <p><b>IMPLEMENTED</b></p> |
|   | <b>RECOMMENDATION 1a:</b><br><b>Review the structure of Commissioning and Procurement arrangements across the Council to create sufficient capacity across all service areas and provide support to comply with the Council's Contract Procedure Rules.</b>   |  |
|   | In some service areas, there is still some off-contract expenditure that has not been entered into the contracts register, and a number of contracts that have expired and need to be re-tendered. This has arisen in some teams following restructure where budgets sit in one team, but many of the contracts are let and managed by another.   |  |
|   | <b>RECOMMENDATION 1b:</b><br><b>The Strategic Commissioning and Procurement team should continue to analyse all expenditure across the Council, producing the Procurement Dashboard, with the aim of working with service areas to:</b> <ul style="list-style-type: none"> <li>- <b>Reduce off-contract spend.</b></li> <li>- <b>Ensure that contracts are retendered on a timely basis.</b></li> <li>- <b>Ensure that contract extensions are reviewed and approved by the Procurement Board; and</b></li> <li>- <b>Provide effective procurement and commissioning support and training.</b></li> </ul> |  |



## 2023/24 ANNUAL GOVERNANCE STATEMENT ACTION PLAN (CONT.)

| Issue No. | Issue Identified and Recommendation  | Summary of Action Taken/Proposed  |
|-----------|--|---|
| 2         | <p><b><u>RECRUITMENT, RETENTION AND CAPACITY</u></b></p> <p>Recruitment continues to be challenging in professional, technical and demand-led service areas. This is affecting most local authorities and is anticipated to continue in 2024/25. The initiatives taking place in relation to recruitment and retention aim to help address workforce capacity and resilience.</p> <p><b>RECOMMENDATION 2:</b></p> <p><b>Continue with the project established in 2023/24 focusing on Recruitment and Retention, as this has yielded positive results in addressing recruitment, retention and capacity issues.</b></p> <p><b>This work will aim to achieve the following measurable outcomes:</b></p> <ul style="list-style-type: none"> <li>- Increase the number of posts recruited to successfully first time.</li> <li>- Retain staff in hard to fill posts; and</li> <li>- Reduce reliance on Agency Staff for vacant posts cover.</li> </ul> | <p><b>Implemented</b></p> <p><b>Responsible Officer:</b> Head of HR and Organisational Development</p> <p><b>Target date: 31 March 2025.</b></p> <p><b>Update on Recommendation 2:</b></p> <p>The arrangement for an interim Head of HR and Organisation Development remains in place to provide oversight of this area of activity. This will feature as a permanent post within the Council's restructure which comes into effect on 1 April 2025.</p> <p>A review of the recruitment process has been undertaken and the recommendations for improvement agreed by CLT have been implemented (Service Level Agreement, removal of selection criteria at application stage, introduction of application questions, new shortlisting/interview guidance).</p> <p>Work to develop the Council's Employee Value Proposition (EVP) to help attract and retain staff is complete. Career pages are on the website and have been updated to weave in the EVP 'together we make a difference'.</p> <p>A number of initiatives used in Adults and Childres social care to improve recruitment and retention; including recruitment of overseas workers, directly employing agency staff, the 'refer a friend scheme', and enhanced marketing of careers in social care is continuing.</p> <p>The introduction of Market Rate Supplement payments, and from 2024/25, payment of professional subscriptions, across a number of professionally qualified staff in the Council is continuing.</p> <p>Grow our own initiatives continue to be developed to recruit and retain employees including development through apprenticeships, career grade schemes, career pathways, recruit for potential.</p> <p>The activities to streamline the recruitment process, attract new talent to the Council and reduce the loss of key staff are starting to show positive results. A dashboard to monitor starters and leavers continues to provide visual data to the Corporate Leadership Team and Chief Officers.</p> |

| 2023/24 ANNUAL GOVERNANCE STATEMENT ACTION PLAN (CONT.) |  |   |
|---|--|---|
| Issue No.   | Issue Identified and Recommendation  | Summary of Action Taken/Proposed  |
| 3   | <b><u>INFORMATION GOVERNANCE</u></b>   | <b>In Progress</b>  |
|   | <p><b>Information Governance Strategy:</b> The Knowledge and Information Strategy is dated 2018. An Information Governance framework helps organisations manage, protect, and leverage their information assets effectively in a manner that aligns with business objectives, legal and regulatory requirements, and industry standards.</p>   | <p><b>Responsible Officers:</b> Chief Officer for Legal, Performance and Democratic Services (Monitoring Officer) and Information Governance Board (IGB)</p> <p><b>Target date: 31 December 2024</b></p>  |
|   | <p><b>RECOMMENDATION 3a:</b></p> <p><b>The Knowledge and Information Strategy should be reviewed and updated to ensure adequate and effective information governance arrangements.</b></p>   | <p><b>Update on Recommendation 3a</b></p> <p>Significant progress has been made with reviewing the Knowledge and Information Strategy. However, due to conflicting priorities it has not proved possible to complete the review by the target date. It is intended that the updated Strategy will be completed by 31 March 2025.</p>  |
|   | <p><b>Retention of data:</b> The Council processes significant volumes of data in hard copy, within structured databases, and in unstructured data storage such as emails.</p> <p>The Local Government Classification Scheme published on the Intranet is considered as the Council's corporate Document Retention and Destruction Policy. However, there is no date on the document to confirm its publication date.</p> <p>The Electronic Document Retention Strategy (EDRS) dated April 2023 on the Intranet does not cover all Directorates.</p> | <p><b>Revised target: 31 March 2025</b></p>   |
|   | <p><b>RECOMMENDATION 3b:</b></p> <p><b>The corporate Document Retention and Destruction Policy and EDRS should be reviewed and updated.</b></p>  | <p><b>Update on Recommendation 3b:</b></p> <p>Manager for Culture and Heritage supported by all IGB members: The existing (date unknown) Corporate Records Management Policy has been reviewed and confirmed that update is required, including linkage to an updated retention and destruction framework. Some progress has been made with reviewing the Retention and Destruction Procedures, collating the procedures from the various directorates and obtaining examples of policies from other authorities.</p> <p>Further progress has been limited by other priorities and the availability of staff resources. The intention is to progress the review, but this is unlikely to be completed in this financial year.</p> |
|   |  | <p><b>Revised target: 30 June 2025</b></p>  |

## 2023/24 ANNUAL GOVERNANCE STATEMENT ACTION PLAN (CONT.)

| Issue No. | Issue Identified and Recommendation   | Summary of Action Taken/Proposed   |
|-----------|---|--|
| 4 (23/24) | <p><b><u>MAINTENANCE OF PROPERTY ASSETS</u></b></p> <p>There are significant issues regarding maintenance of assets resulting in considerable financial investment being required. Several sites have been subject to ongoing leaks/flooding due to poor maintenance. There was a historic lack of maintenance of Leisure facilities, in particular, requiring significant investment to bring the buildings back to an acceptable standard.</p> <p>Following review, a more robust and transparent process for developing the repairs and renewal (R&amp;R) programme and agreeing the budgets has been identified. The original Capital Asset Forum was, therefore, replaced by a new Strategic Asset Group (SAG) in February 2024.</p> | <p><b>Implemented</b></p> <p><b>Responsible Officer:</b> Interim Head of Property Services and Strategic Asset Group members</p> <p><b>Target date: 30 September 2024</b></p><br><p><b>Progress on Recommendation 4a:</b></p> <p>The CAF has now been replaced by the Strategic Asset Group (SAG) made up of CLT and Property Services. The SAG now meets monthly and is functioning well. A capital budget has now been approved to cover programmed maintenance and the process of moving 2024/25 spend to that budget is underway.</p><br><p><b>Progress on Recommendation 4b:</b></p> <p>The Corporate Restructure has clarified where budget responsibilities will sit from 1 April 2025. A transition plan supported by the Transformation team is now underway.</p> |
|           | <p><b>RECOMMENDATION 4a:</b></p> <p><b>The responsibilities of the new Strategic Asset Group need clarifying and communicating as part of the Capital Strategy, and Capital Code of Practice. This includes defining the process for developing the R&amp;R programme and agreeing the budget.</b></p>  |  |
|           | <p>The planned property maintenance (PPM) programme was overspent in 2023/24. This budget has not been increased sufficiently for several years, and the responsibility for administration of the contracts and control of budgets sits with different teams, following recent restructures, therefore there is inadequate and ineffective budgetary control of this important activity.</p>  |  |
|           | <p><b>RECOMMENDATION 4b:</b></p> <p><b>Review the structure and responsibilities for administering PPM contracts and controlling the budgets, to ensure that resources are sufficient and are in the right places.</b></p>  |  |

## 2023/24 ANNUAL GOVERNANCE STATEMENT ACTION PLAN (CONT.)

| Issue No. | Issue Identified and Recommendation   | Summary of Action Taken/Proposed   |
|-----------|---|--|
| 5         | <p><b><u>ETHICS</u></b></p> <p><b>Declarations of interest:</b> Arrangements for completing, reviewing and retaining individual officers' conflicts of interest declarations vary across the Council. It is therefore not possible to confirm completeness and the declarations themselves cannot always be located.</p>  | <p><b>Implemented</b></p> <p><b>Responsible Officer:</b> Chief Officer for Legal, Performance and Democratic Services (Monitoring Officer); and Manager for HR Transactions and Traded Services</p> <p><b>Target date: 30 September 2024</b></p>   |
|           | <p><b>RECOMMENDATION 5:</b></p> <p><b>Declarations of interest, including nil returns, must be maintained for all Directors, Chief Officers and other managers and staff as appropriate. These should be completed at least annually on MyView and amended as soon as any known or potential conflict arises.</b></p> <p><b>Line managers should view and monitor completion in MyView.</b></p> | <p><b>Progress on Recommendation 5:</b></p> <p>A communication was issued by HR on 17 June 2024 requesting staff to complete their declarations on the MyView System, and this will be monitored to ensure compliance by Line Managers:</p> <p><i>'Staff are reminded that they must complete a Declarations of Interest form via MyView (at least annually or when a conflict arises), stating whether they have interests outside of work which could conflict with their Council duties.'</i></p> |
|           |   |  |

## Finding out more

If you would like further copies, a large-print copy or information about us and our services, please telephone or write to us at our address below.

Për Informacion

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Informacja

তথ্যের জন্য



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## Glossary

### AAA FITCH RATING

Highest credit quality - 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

### AA FITCH RATING

Very high credit quality - 'AA' ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

### A FITCH RATING

High credit quality - 'A' ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

### ACCOUNTING PERIOD

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

### ACCRUALS

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

### ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed

### ASSET

An item having value to the authority in monetary terms. Assets are categorised as either current or non-current

- A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock);
- A non-current asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g. a community centre, or intangible, e.g. computer software licences.

### AUDIT OF ACCOUNTS

An independent examination of the Authority's financial affairs.

## BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

## BORROWING

Using cash provided by another party to pay for expenditure, on the basis of an agreement to repay the cash at a future point, usually incurring additional interest charges over and above the original amount.

## BUDGET

The forecast of net revenue and capital expenditure over the accounting period.

## CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

## CAPITAL FINANCING

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

## CAPITAL PROGRAMME

The capital schemes the Authority intends to carry out over a specific period of time.

## CAPITAL RECEIPT

The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.

## CLAW-BACK

Where average council house rents are set higher than the government's prescribed average limit rent, used in the calculation of rent rebates, the percentage difference reduces the amount of rent rebate subsidy due to the authority, i.e. it is "clawed-back" by the government.

## CIPFA

The Chartered Institute of Public Finance and Accountancy

## COLLECTION FUND

A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

## COMMUNITY ASSETS

Assets that the Authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The account of the Authority that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.



## CONSISTENCY

The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

## CONTINGENT ASSET

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's accounts.

## CONTINGENT LIABILITY

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

## CORPORATE AND DEMOCRATIC CORE

The corporate and democratic core comprises all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

## CREDITOR

Amount owed by the Authority for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

## CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.

## DEBTOR

Amount owed to the Authority for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

## DEFINED BENEFIT PENSION SCHEME

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

## DEPRECIATION

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Authority's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

## DISCRETIONARY BENEFITS (PENSIONS)

Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Authority's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

## EQUITY

The Authority's value of total assets less total liabilities.

## EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

## EXPECTED RETURN ON PENSION ASSETS

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

## FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

## FINANCE LEASE

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

## GOING CONCERN

The concept that the Statement of Accounts is prepared on the assumption that the Authority will continue in operational existence for the foreseeable future.

## GOVERNMENT GRANTS

Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Authority. These grants may be specific to a particular scheme or may support the revenue spend of the Authority in general.

## HOUSING BENEFITS

A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by central government.

## IMPAIRMENT

A reduction in the value of a fixed asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.

## INFRASTRUCTURE ASSETS

Fixed assets belonging to the Authority that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

## INTANGIBLE ASSETS

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Authority's intangible assets comprise computer software licences.

## INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

#### INVESTMENTS (PENSION FUND)

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

#### LIABILITY

A liability is where the Authority owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

#### LIQUID RESOURCES

Current asset investments that are readily disposable by the Authority without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market.

#### LONG-TERM CONTRACT

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

#### MATERIALITY

The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

#### MINIMUM REVENUE PROVISION (MRP)

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Authority.

#### NET BOOK VALUE

The amount at which fixed assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

#### NET DEBT

The Authority's borrowings less cash and liquid resources.

#### NON-DISTRIBUTED COSTS

These are overheads for which no user now benefits and as such are not apportioned to services.

#### NON-DOMESTIC RATES (NDR)

The Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by central government and multiplied by the assessed rateable value of the premises they occupy. In England it is collected by the Authority on behalf of itself, central government and major preceptors. In Scotland it is collected by the Authority on behalf of central government and then redistributed back to support the cost of services.

#### NON-OPERATIONAL ASSETS

Fixed assets held by the Authority but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

#### OPERATING LEASE

A lease where the ownership of the fixed asset remains with the lessor.

#### OPERATIONAL ASSETS

Fixed assets held and occupied, used or consumed by the Authority in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

#### PAST SERVICE COST (PENSIONS)

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

#### PENSION SCHEME LIABILITIES

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

#### PRECEPT

The levy made by precepting authorities by billing authorities, requiring the latter to collect income from Council Tax on their behalf.

#### PRIOR YEAR ADJUSTMENT

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

#### PROVISION

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

#### PUBLIC WORKS LOAN BOARD (PWLb)

A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government can borrow itself.

#### RATEABLE VALUE

The annual assumed rental of a hereditament, which is used for NNDR purposes.

#### RELATED PARTIES

There is a detailed definition of related parties in FRS 8. For the Council's purposes related parties are deemed to include the

Authority's members, the Chief Executive, its Directors and their close family and household members.

## RELATED PARTY TRANSACTIONS

The Statement Of Recommended Practice requires the disclosure of any material transactions between the Authority and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

## REMUNERATION

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits. Received other than in cash. Pension contributions payable by the employer are excluded.

## RESERVES

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Authority. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure.

## RESIDUAL VALUE

The net realisable value of an asset at the end of its useful life.

## RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

## REVENUE EXPENDITURE

The day-to-day expenses of providing services.

## REVENUE EXPENDITURE CAPITALISED UNDER STATUTE (REFCUS)

Expenditure which ordinarily would be revenue, but is statutorily defined as capital. Examples of REFCUS include grants of a capital nature to voluntary organisations and back pay expenditure capitalised under Secretary of State Direction.

## REVENUE SUPPORT GRANT

A grant paid by Central Government to authorities, contributing towards the general cost of their services.

## STOCKS

Items of raw materials and stores an authority has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

## TEMPORARY BORROWING

Money borrowed for a period of less than one year.

## TRUST FUNDS

Funds administered by the Authority for such purposes as prizes, charities, specific projects and on behalf of minors.

## USEFUL ECONOMIC LIFE (UEL)

The period over which the Authority will derive benefits from the use of a fixed asset

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEDFORD BOROUGH COUNCIL ON THE COUNCIL'S FINANCIAL STATEMENTS

## REPORT ON THE AUDIT OF THE COUNCIL'S FINANCIAL STATEMENTS

### Disclaimer of opinion

We were engaged to audit the financial statements of Bedford Borough Council ("the Council") for the year ended 31 March 2024 on pages 12 to 93 which comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, Cash Flow Statement, Collection Fund and the related notes, including the Expenditure and Funding Analysis and the accounting policies in note 1.

We do not express an opinion on the financial statements. Due to the significance of the matters described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (the "Amendment Regulations") require the Council to publish its financial statements and our opinion thereon for the year ended 31 March 2024 by 28 February 2025 (the "Backstop Date").

We have been unable to obtain sufficient appropriate audit evidence over a number of areas of the financial statements as we have been unable to perform the procedures that we consider necessary to form our opinion on the financial statements ahead of the Backstop Date. These areas include, but were not limited to, procedures related to the risk of management override of controls; the carrying amount of Property, plant and equipment; Investment property; Employee benefits expenses; Fees, charges and other service income; and the balance of, and movements in, Usable and Unusable reserves for the year ended 31 March 2024.

In addition, we have been unable to obtain sufficient appropriate evidence over the disclosed comparative figures for the year ended 31 March 2023 due to the Backstop Date. Therefore, we were unable to determine whether any adjustments were necessary to the opening balances as at 1 April 2023 or whether there were any consequential effects on the Council's income and expenditure for the year ended 31 March 2024.

Any adjustments from the above matters would have a consequential effect on the Council's net assets and the split between usable reserves and unusable reserves as at 31 March 2024 and 31 March 2023, the Collection Fund and on its income and expenditure and cash flows for the years then ended.

### Fraud and breaches of laws and regulations – ability to detect

As stated in the Disclaimer of opinion section of our report, we do not express an opinion on the financial statements due to the reasons described in the Basis for disclaimer of opinion section of our report.

### Other information

The Assistant Chief Executive (Finance) is responsible for the other information, which comprises the information included in the [Statement of Accounts], other than the financial statements and our auditor's report thereon. Any opinion on the financial statements would not cover the other information and we do not express an opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Due to the significance of the matters described in the *Basis for disclaimer of opinion* section of our report, and the possible consequential effect on the related disclosures in the other information, whilst in our opinion the other information included in the [Statement of Accounts] for the financial year is consistent with the financial statements, we are unable to determine whether there are material misstatements in the other information.

### **Assistant Chief Executive (Finance)’s and Audit Committee’s responsibilities**

As explained more fully in the statement set out on page 11, the Assistant Chief Executive (Finance) is responsible for the preparation of financial statements in accordance with CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Council’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the government of the intention to either cease the services provided by the Council or dissolve the Council without the transfer of its services to another public sector entity.

The Audit Committee of the Council is responsible for overseeing the Council’s financial reporting process.

### **Auditor’s responsibilities**

Our responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing (UK), and to issue an auditor’s report. However, due to the significance of the matter described in the *Basis for disclaimer of opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

We have fulfilled our ethical responsibilities under, and are independent of the Council in accordance with, UK ethical requirements including the FRC Ethical Standard.

## **REPORT ON OTHER LEGAL AND REGULATORY MATTERS**

### **Report on the Council’s arrangements for securing economy, efficiency and effectiveness in its use of resources**

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the “NAO Code of Audit Practice”), we are required to report to you if we identify any significant weaknesses in the arrangements that have been made by the Council to secure economy, efficiency and effectiveness in its use of resources.

We have nothing to report in this respect.

### **Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

The Council is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are required under section 20(1) of the Local Audit and Accountability Act 2014 to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Council’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating



effectively. We are also not required to satisfy ourselves that the Council has achieved value for money during the year.

We planned our work and undertook our review in accordance with the NAO Code of Audit Practice and related statutory guidance, having regard to whether the Council had proper arrangements in place to ensure financial sustainability, proper governance and to use information about costs and performance to improve the way it manages and delivers its services. Based on our risk assessment, we undertook such work as we considered necessary.

### **Statutory reporting matters**

We are required by Schedule 2 to the NAO Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 and Schedule 7 of the Local Audit and Accountability Act 2014; or
- we make written recommendations to the Council under Section 24 and Schedule 7 of the Local Audit and Accountability Act 2014; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in this respect.

### **THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES**

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

### **DELAY IN CERTIFICATION OF COMPLETION OF THE AUDIT**

As at the date of this audit report, we have not yet completed our work in respect of the Authority's Whole of Government Accounts consolidation pack for the year ended 31 March 2024.

Under Auditor Guidance Note 07 – Auditor Reporting, issued by the NAO in November 2024, we are required to give an opinion on the consistency of the financial statements of the Pension Fund included in the Authority's Pension Fund Annual Report with the Pension Fund financial statements included in the Authority's Statement of Accounts. As the Authority has not yet prepared the Pension Fund Annual Report, we have not issued our report on the financial statements included in the Pension Fund Annual Report.

Until we have completed this work, we are unable to certify that we have completed the audit of the financial statements of the Bedford Borough Council for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the NAO Code of Audit Practice.



**Richard Walton**

**for and on behalf of KPMG LLP**

*Chartered Accountants*

EastWest

Tollhouse Hill, Nottingham, NG1 5FS

28 February 2025

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BEDFORD BOROUGH COUNCIL ON THE PENSION FUND'S FINANCIAL STATEMENTS**

## **Opinion**

We have audited the financial statements of Bedford Borough Council Pension Fund ("the Pension Fund") for the year ended 31 March 2024 on pages 1 to 32 which comprise the Fund Account, the Net Assets Statement and the related notes to the Pension Fund financial statements, including the accounting policies in note 3.

In our opinion the Pension Fund financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2024 and of the amount and disposition at that date of its assets and liabilities; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under and are independent of the Bedford Borough Council (as administering authority for the Pension Fund, the "Authority") in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## **Going concern**

The Assistant Chief Executive (Finance) has prepared the Pension Fund financial statements on the going concern basis as they have not been informed by the government of the intention to either cease the Authority's services or dissolve the Authority without the transfer of its services to another public sector entity. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the Pension Fund financial statements ("the going concern period").

In our evaluation of the Assistant Chief Executive (Finance) conclusions, we considered the inherent risks associated with the continuity of services provided by the Authority over the going concern period.

Our conclusions based on this work:

- we consider that the Assistant Chief Executive (Finance) use of the going concern basis of accounting in the preparation of the Pension Fund financial statements is appropriate; and
- we have not identified, and concur with the Assistant Chief Executive (Finance) assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Authority will continue in operation.

## **Fraud and breaches of laws and regulations – ability to detect**

### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management and the Audit and Standards Committee as to the Pension Fund's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Pension Fund's channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected, or alleged fraud.
- Reading Pension and Audit and Standards Committee minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible financial pressures at the Authority and our overall knowledge of the control environment we performed procedures to address the risk of management override of controls in particular the risk that Pension Fund management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements. On this audit we did not identify a fraud risk related to revenue recognition because revenue in a pension scheme relates to contributions receivable as paid under an agreed schedules.

We did not identify any additional fraud risks. In determining the audit procedures, we took into account the results of our evaluation of design and implementation of the Pension Fund fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual double entries with cash account codes, unusual pairing of revenue transactions, journals *posted to clear the balance in the clearing accounts / suspense account, and journal postings by senior management*
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

### ***Identifying and responding to risks of material misstatement related to compliance with laws and regulations***

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the Pension Fund financial statements from our general sector experience and through discussion with the Assistant Chief Executive (Finance) and other management (as required by auditing standards), and from inspection of the Pension Fund's regulatory and legal correspondence and discussed with the Assistant Chief Executive (Finance) and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the Pension Fund financial statements varies considerably.

Firstly, the Pension Fund is subject to laws and regulations that directly affect the Pension Fund financial statements, including the financial reporting aspects of local government legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Pension Fund is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the Pension Fund financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: pensions legislation, data protection laws, anti-bribery, employment law, recognising the nature of the Pension Fund's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Assistant Chief Executive (Finance) and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### ***Context of the ability of the audit to detect fraud or breaches of law or regulation***

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the Pension Fund financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Pension Fund financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Other information**

The Assistant Chief Executive (Finance) is responsible for the other information, which comprises the information included in the Statement of Accounts, other than the Pension Fund financial statements and our auditor's report thereon. Our opinion on the Pension Fund financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our Pension Fund financial statements audit work, the information therein is materially misstated or inconsistent with the Pension Fund financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

### **Assistant Chief Executive (Finance) and Audit and Standards Committee's responsibilities**

As explained more fully in the statement set out on page 11, the Assistant Chief Executive (Finance) is responsible for the preparation of Pension Fund financial statements, that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of Pension Fund financial statements that are free from material misstatement, whether due to fraud or error; assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the government of the intention to either cease the services provided by the Authority or dissolve the Authority without the transfer of its services to another public sector entity.

The Audit, Governance and Standards Committee of the Authority is responsible for overseeing the Pension Fund's financial reporting process.

### **Auditor's responsibilities**

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

influence the economic decisions of users taken on the basis of the Pension Fund financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## **THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES**

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

A handwritten signature in black ink, appearing to be 'Richard Walton', is positioned above a faint, rectangular grey stamp. The stamp contains some illegible text and a small circular emblem.

***Richard Walton***

**for and on behalf of KPMG LLP**

Chartered Accountants  
EastWest, Townhouse Hill  
Nottingham  
NG1 5FS

28 February 2025