2023-2024

CITY OF WOLVERHAMPTON COUNCIL

Statement of Accounts

wolverhampton.gov.uk

TABLE OF CONTENTS

Section 1 – Narrative Report

Important note for readers of the accounts

Local authority accounts, like those of any organisation, are prepared to comply with a series of rules and conventions set by the accounting profession. However, for local authorities there are many types of transaction where the law, which takes precedence, requires a different treatment from the accounting rules. This effectively means that local authorities are trying to simultaneously fulfil two conflicting sets of rules when preparing their accounts.

This conflict is addressed by having local authorities present a set of financial statements which comply with the accounting rules, followed by a reconciliation of those statements to the accounts as prepared under the legal rules. This reconciliation essentially takes the form of a list of adjustments for items which must be in the accounts per the accounting rules but are not allowed in them under law, and vice versa.

It is the legal rules that must be used when calculating budget requirements, council tax and housing rents. As a result, all the Council's internal reporting and decision-making is based purely on accounts prepared under the legal rules. The only time it prepares accounts that comply with the accounting rules is when it prepares this document. It is crucial to bear this in mind when reading the statements.

Purpose and contents of this document

The purpose of this document is to show the Council's and group's financial performance over the course of the year, and their financial position at the end of the year. It also provides some information about factors that may affect the Council's financial performance in the future. This document is divided into a number of sections:

Section 2 contains the statement of responsibilities and sets out the roles and responsibilities of the Council and of the Director of Finance

in preparing the statement of accounts. The independent auditors' report is included in Section 3.

Section 3 This report draws reader's attention to any important information they might need to consider when reading the statements.

Section 4 contains the financial statements prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code). These comprise four main statements, and a series of notes. The four main statements are:

Comprehensive Income and Expenditure Statement – this summarises all expenditure, income, gains and losses for the Council during the year.

Balance Sheet – this shows all the Council's assets, liabilities, and reserves at the end of the financial year. Assets are either items that the Council owns and can use or sell in the future, or money that it is owed by other parties. Liabilities are money owed by the Council to other parties. Reserves fall into two categories: usable reserves are funds that the Council has available to spend in the future, while unusable reserves are amounts that have come about purely from accounting adjustments and are not therefore available to spend.

Movement in Reserves Statement – this shows the amounts in the Council's reserves, and how they have changed over the course of the year.

Cash Flow Statement – this summarises all the Council's payments and receipts over the course of the year. The fundamental difference between this statement and the Comprehensive Income and Expenditure Statement is that it does not include adjustments to comply with the accounting concept of accruals.

The notes to the accounts provide additional information about the main statements, or items that the Council is required by law or by the Code to include in the statement. The notes are:

Note 1 Expenditure and funding analysis – notes showing how expenditure is allocated for decision making purposes between the Council's directorates and how the Comprehensive Income and Expenditure Statement reconciles to the General Fund.

Note 2 Income and expenditure – this note provides information about several specific areas of income and expenditure required by law or by the Code.

Note 3 Other operating expenditure.

Note 4 Financing and investment income and expenditure.

Note 5 Taxation and non-specific grant income and expenditure.

Note 6 Current receivables and current payables – this note summarises how much money was owed to the Council at the end of the year, and how much the Council owed to other parties.

Note 7 Provisions, contingent liabilities and guarantees – this note provides information about things for which the Council knows it will (or may have to) pay money to other parties, but there is uncertainty about one or more elements of that payment. This may be the amount of the payment, when it must be paid, or even whether the Council will have to make a payment.

Note 8 Non-current assets – this note provides information about the Council's non-current assets, which are assets that it uses for more than one year.

Note 9 Employee pensions – this note provides information about employee pensions, including the net pensions' liability (the difference between current pension commitments and the assets available to fund those) at the end of the year.

Note 10 Financial instruments – this note provides information about the Council's financial instruments, which are assets or liabilities entered into under contracts.

Note 11 Members of the City of Wolverhampton Council group and other related parties – the Council has relationships with several other organisations that readers should be aware of when reading the accounts. This note provides information about these relationships.

Note 12 Trust funds – this note provides information about the trust funds that the Council manages on behalf of other people.

Note 13 Movement in Reserves Statement – this note analyses the changes in each of the Council's reserves from year to year.

Note 14 Notes to the Cash Flow Statement - these notes provide more detail relating to certain items included in the cash flow statement.

Note 15 Accounting policies – this note describes the policies that have been used by the Council to prepare these statements, changes in those since last year, and any significant judgements in applying these policies that had to be made when preparing the statements.

Section 5 provides a set of financial statements and associated notes relating to the Housing Revenue Account. By law, the Council must account for its council housing service separately from other services, to ensure that rents only pay for housing (and likewise, that council tax does not subsidise housing).

Section 6 contains statements for the Collection Fund. These show how much council tax was raised in Wolverhampton during the year, and how it was allocated between the Council, Fire and Police Authorities. The Collection Fund also provides details of business rates collected by the Council on behalf of Central Government and the amount retained by the Council, together with the amount allocated to the Fire Authority.

Section 7 provides the financial statements of West Midlands Pension Fund. These are separate from the Council's accounts, but because the Council is the administering body it is required to include the Pension Fund's accounts alongside its own. They follow a similar format to the Council's accounts, with two main statements followed by a series of notes.

Section 8 is the Council's Annual Governance Statement. This provides important information about how the Council and group is run and how it manages key risks.

Section 9 provides a glossary which describes many of the technical accounting terms and abbreviations used in these statements.

Introduction

These accounts set out the financial results of the City of Wolverhampton Council's activities for the year ending 31 March 2024 and demonstrate the Council's economic, efficient, and effective use of resources available.

The narrative report provides information on the City of Wolverhampton Council and the economic environment in which it operates, specifically the increased demand for services, impact of inflation and the cost-of-living crisis. It looks at how the Council has strategically responded to these challenges and outlines the Our City: Our Plan.

It aims to explain the main information in the statement of accounts, provides an overview financial performance in 2023-2024, looks at the Council's Medium-Term Financial Strategy and sets the framework on how we will allocate resources and our priorities for the year ahead.

Note on group accounts

The Council owns three other organisations: Wolverhampton Homes Limited, Yoo Recruit Ltd and WV Living (City of Wolverhampton Housing Company Limited). As a result of this the Council is required to produce group accounts.

Yoo Recruit Ltd became a wholly owned subsidiary of the Council in 2013-2014. As the impact on the group accounts is considered by the Council, to not be material, Yoo Recruit Ltd has not been consolidated into the group accounts.

Wolverhampton Homes Limited is an arm's length management organisation (ALMO) which was established in 2005 to manage and maintain most of the Council's housing stock and is wholly owned by the Council.

WV Living became a wholly owned subsidiary of the Council in 2016-2017 and was set-up in response to housing demand in Wolverhampton, to provide good quality homes for sale and rent.

Wolverhampton Homes Limited and WV Living's accounts have been wholly consolidated in the group elements of the financial statements.

In 2021, the Council entered a joint venture with the West Midlands Combined Authority to pilot an affordable housing project; Help to Own. Help to Own helps to address the issue that many potential buyers in work have when looking to buy a home; in raising the deposit to secure a mortgage. Help to Own has not been consolidated into the group accounts as the impact is not considered to be material and the nature of the investments, which is considered to be a joint venture.

The group accounts combine the accounts of the Council, Wolverhampton Homes Limited and WV Living (City of Wolverhampton Housing Company Limited) and shows them as if they were one. Throughout the financial statements (Section 4) the numbers in italics relate to the group. Non-italic numbers relate to the Council only. These figures are usually combined in the same table, but occasionally owing to space, they are shown in separate tables. Where there is only one figure given, this means that the figure is the same for the group and the Council.

Some, but not all of, our schools are brought into the financial statements. Where the Council determines that the overall balance of control of schools lies with the Council, those schools' assets, liabilities, reserves, and cash flows are recognised in the Council financial statements and not the group accounts. Therefore, schools' transactions, cash flows and balances are recognised in the financial statements of the Council as if they were the transactions, cash flows and balances of the council. Academies and other schools such as voluntary aided schools, where control does not lie with the Council, are excluded from the Council's financial statements.

Items of interest in the accounts

This section discusses some of the key items of interest in this year's statement of accounts.

Provisions, contingent liabilities and guarantees.

The Council's total level of provisions increased by £0.4 million (net) over the course of the year. Total provisions (excluding expected credit losses) at 31 March 2024 stood at £13.2 million (2022-2023: £12.8 million): further details are provided in Note 7A to the Financial Statements. Further details on contingent liabilities can be found in Note 7B. Details on guarantees can be found in Notes 7D and 7E.

Capital expenditure

The Council once again successfully managed a large capital expenditure programme in 2023-2024, resulting in additions to non-current assets of £158.3 million, together with other capital expenditure of £23.9 million. The main additions were on Council dwellings (£115.0 million), Other land and buildings (£16.6 million) and Infrastructure assets (£9.2 million), which reflects investment in the highway network. Information about non-current assets held by the Council can be found in Note 8.

Net pensions liability

The Council's net pension liability shows the extent to which its existing pension commitments to employees and former employees exceed the assets currently available to meet those commitments. The West Midlands Pension Fund is formally valued every three years (triennial) by an independent actuary to set future contribution rates with the most recent valuation as at 31 March 2022 being published on 31 March 2023.

As at the 31 March 2024 the Council's actuary, advised that the Council's net pension position had changed from a net liability of £73.5 million to a net asset of £18.0 million. The overall liability decreased by £91.8 million during 2023-2024. This is made up of an increase of £90.5 million in assets and a decrease in liabilities of £1.3 million.

The Council has applied an asset celling as required by IAS 19 and IFRIC 14. Implementation of the asset celling has reduced the net asset in respect of the funded scheme to nil. There is a residual net liability in the accounts which represents the unfunded element of the Council's pension fund.

The main reasons for the net movement were gains resulting from changes in actuarial assumptions (for further details refer to note 9). Note 9 to the Financial Statements provides further information on employee pensions. The significant movement in the value of the pension scheme is due to changes in the financial assumptions included in Note 9, resulting from current economic climate affecting inflation and bond prices.

In practice, the value of the net pension's liability is not entirely meaningful, because pension payments will generally not need to be made for many years, and the pension fund plans over long timescales as a result. Furthermore, the amount the Council must charge to its revenue accounts is the amount of employee contributions payable for the year, and not the costs calculated under the accounting rules. It is also important to note that the calculation of the net pensions' liability relies on several complex judgements and assumptions, variations in which can lead to significant differences in the outcome: this is discussed in Note 15 to the Financial Statements.

Borrowing facilities and capital borrowing

The Council borrows to part-fund its capital expenditure programme. As a local authority, the Council can borrow funds from the Public Works Loan Board (UK Debt Management Office). At 31 March 2024, its total borrowing portfolio stood at £776.2 million, of which £683.4 million is owed to the Public Works Loan Board and £92.8 million to private sector lenders. The Council's borrowing activities are governed by the Prudential Code for Capital Finance in Local Authorities (CIPFA). Please note borrowings on the balance sheet are higher due to £5.7 million accrued interest and a £4.4 million difference between the Lender Option Borrower Option (LOBO) principal cash value and amortised cost (under the Code of Practice).

Movement in reserves

Reserves play a vital role in the financial sustainability of the Council. Full Council in February March 2024 approved the updated the Council's Reserve Strategy which details the purpose for which reserves are held. The Council's General Fund Reserve was increased by £1.7 million, taking it to £17 million, which represents approximately 5% of the medium-term net budget. The HRA balance is £7.2 million.

The Council also hold specific reserves which are set aside to fund future planned expenditure. The Council holds earmarked reserves totalling £65.0 million at the end of 2023-2024. Of this, reserves held to fund future estimated liabilities and planned expenditure are £35.2 million and those which have a specific criterion associated with legal requirements, or accounting practice total £29.8 million.

An introduction to the City of Wolverhampton

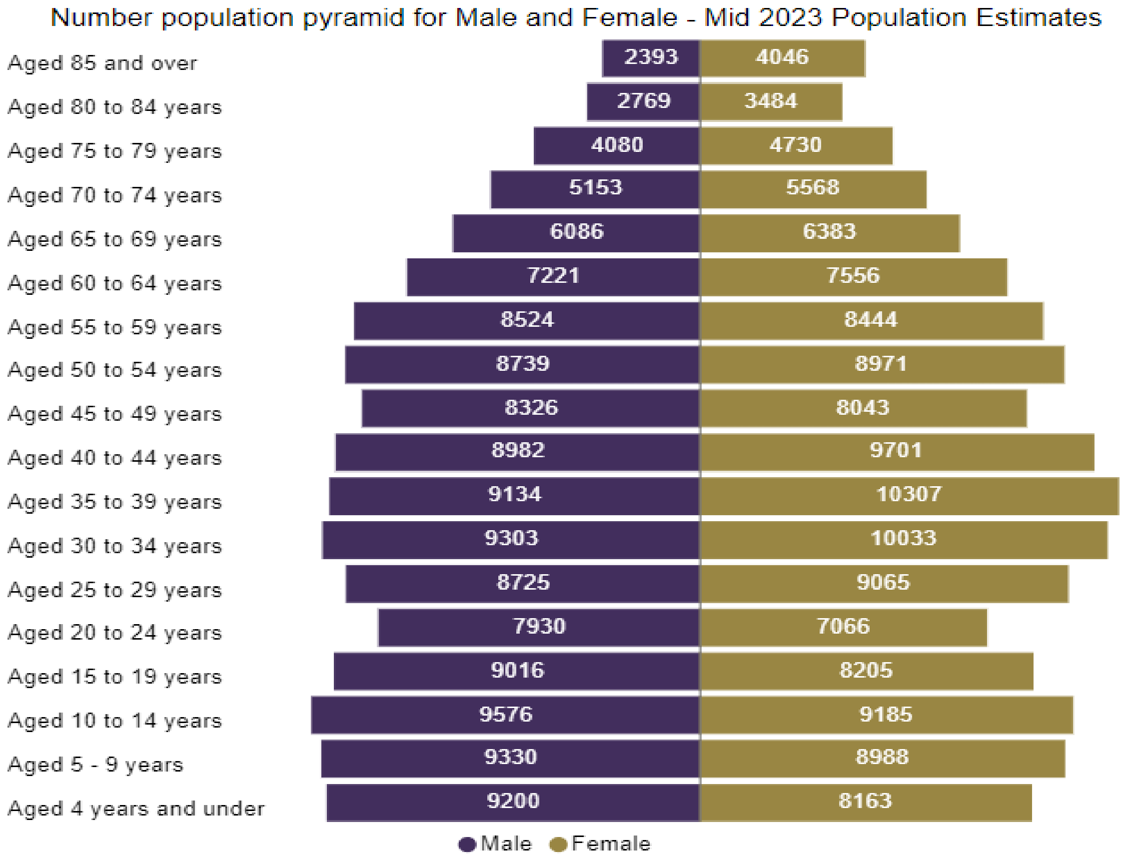
The City of Wolverhampton is a place which is proud of its history, celebrates its diversity and is ambitious for the future.

Wolverhampton is one of the most densely populated local authority areas in England with 272,425 residents living within its 26.8 square miles boundaries according to the latest population estimates. The latest Indices of Deprivation (2019) show that levels of deprivation in Wolverhampton have fallen since 2015, a change from the 17th most deprived in 2015 to 24th most deprived in 2019 (1 = worst). Wolverhampton is also nationally ranked 19th for Employment deprivation, 42nd for Education deprivation with child poverty levels at 34.9%. Data shows that deprivation in the city is concentrated in a number of 'hot spots'.

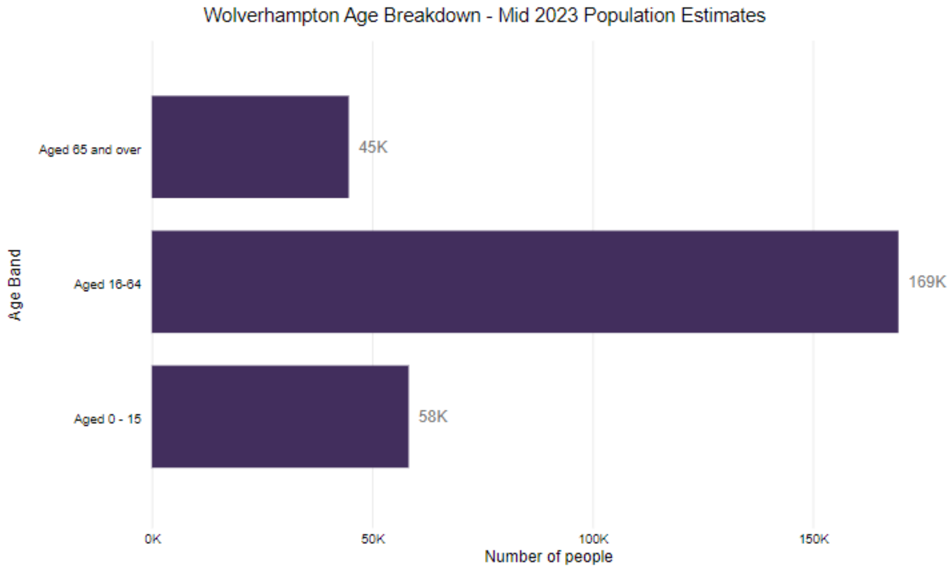
The city's demographic profile is changing, as it attracts new residents. As a result, Wolverhampton's population is projected to increase by 10.6% (approximately 28,451 residents) between 2022 and 2043. The city boasts an ethnically diverse population with 45% of residents being of non-white British heritage.

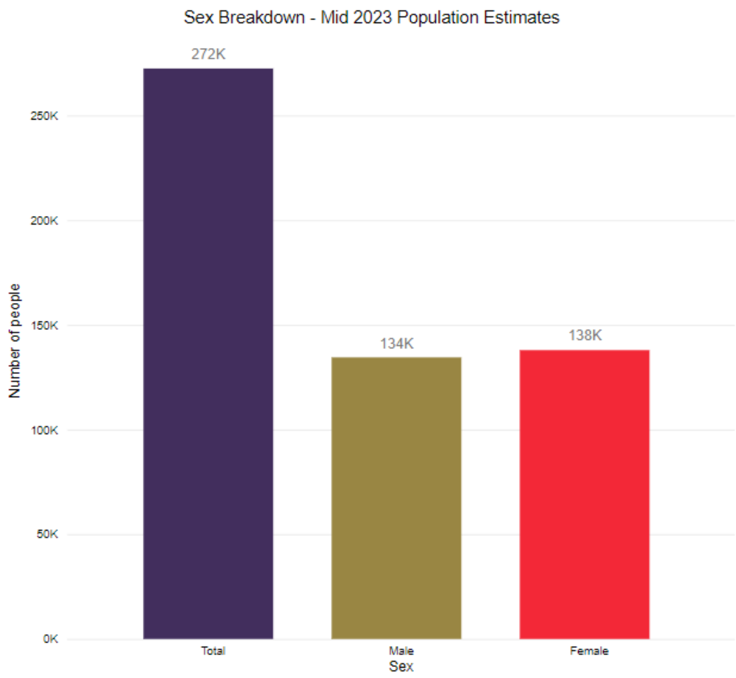
Although Wolverhampton has a younger age than the average in England, projections show that the 65+ age group is predicted to grow by 33.6% between 2023 and 2043 compared to the 0-15 population which is predicted to remain fairly stable. This will put significant strain on the public sector, specifically the NHS and adult social care, as more people are likely to be admitted to hospital and require long-term care.

The following visuals illustrate the age and sex breakdown of Wolverhampton's population based on the release of the mid-year 2023 population estimates:



.


Wolverhampton Age Breakdown - Mid 2023 Population Estimates
Age Band
Aged 65 and over
Aged 16-64
Aged 0 - 15
45K
169K
58K
0K
50K
100K
150K
Number of people


Sex Breakdown - Mid 2023 Population Estimates
272K
134K
138K
Number of people
0K
50K
100K
150K
200K
250K
Total
Male
Female
Sex

Economic conditions

The significant economic events over recent years, including the cost-of-living crisis, living with Covid, Brexit and the conflict in Ukraine have affected the UK economy.

In March 2020, Covid-19 was declared a global pandemic. The impact on both the local and national economy was significant as expected. According to ONS, widespread business closures and mobility restrictions on consumers caused a decrease of 10.4% in UK Gross Domestic Product (GDP). The regions within the UK all followed the same trend. The West Midlands GDP decreased in 2020 slightly more than the UK by 10.9%. Since 2021, the economy has started to recover. Despite a growth rate above the national rate in 2021, the West Midlands economy seems now to be growing at a slower rate than the UK average and other regions. The latest provisional data shows that only the East Midlands had a lower growth rate (1.8%) than the West Midlands (2.8%) in 2022.

As well as the humanitarian and political impact of Russia invading Ukraine will have on the world, the ongoing conflict will also have economic impact on the UK. After the invasion, gas prices increased in the UK but have now fallen steadily on international markets, whereas oil prices have remained high. In addition, to energy costs, and petrol prices in the UK whilst now reducing, are still impacting on residents' cost of living. This has contributed to a rise in inflation, reaching 8.7% in April 2023 before steadily falling to 3.2% in March 2024, which has had negative impacts on the economy. This has also had knock-on effects on the UK housing market, as interest rates increased, mortgage rates increased making it harder for people to buy houses and increasing pressure on households with existing mortgages.

Continuing uncertainty about future economic conditions make medium-term financial planning even more challenging for the Council. The Council will continue to monitor the impact.

Our City: Our Plan

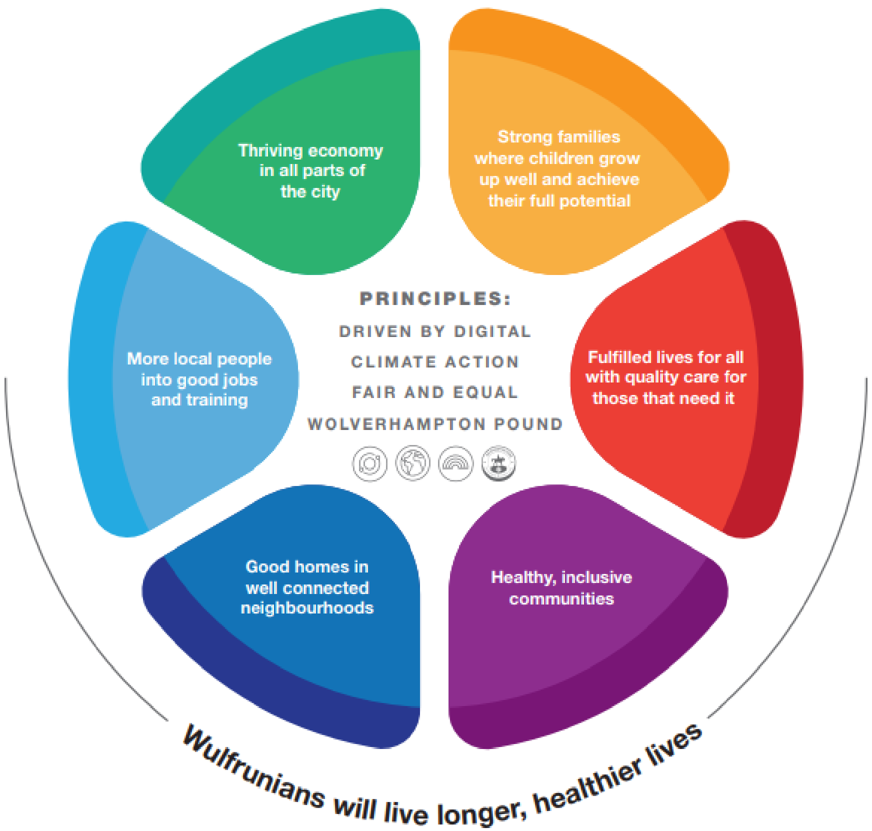
Developed in collaboration with partners, Our Vision 2030 document sets out the aspirations and priorities for Wolverhampton.

Our plans and strategies - backed by major public and private investment will continue to transform the city to ensure that it retains attributes that give Wolverhampton its unique identity. Together, we will deliver a healthy, thriving, and sustainable international 'smart city' – renowned for its booming economy and skilled workforce, rich diversity and a commitment to fairness and equality that ensures everyone has the chance to benefit from success.

Our City: Our Plan was approved by Full Council in March 2022. To ensure that the Council's resource continues to be aligned to the needs and priorities of local people the plan has been refreshed. In February 2024, Council approved the refreshed Our City: Our Plan which provides the strategic framework for delivering the ambition that 'Wulfrunians will live longer, healthier lives'. It sets out how the Council will continue to work alongside its local, regional, and national partners to improve outcomes for local people.

Alongside Our City: Our Plan, sits as a suite of performance management indicators that are reviewed operationally and strategically. Understanding how we are performing in turn helps evidence the resources needed to make an impact across areas.

OUR CITY: OUR PLAN



The plan sets our ambition that ‘Wulfrunians will live longer, healthier lives.’ Delivery of this ambition is supported by six overarching priorities:

- Strong families where children grow up well and achieve their full potential.
- Fulfilled lives for all with quality care for those that need it.
- Healthy, inclusive communities.
- Good homes in well-connected neighbourhoods.
- More local people into good jobs and training.
- Thriving economy in all parts of the city.

These priorities together with the associated key outcomes, objectives and activity form a framework to improve outcomes for local people. Supporting the six overarching priorities are cross cutting principles. In the refresh of Our City: Our Plan for 2024-2025, the Wolverhampton Pound has been added as a fourth principle and deliver our levelling up ambitions. Supporting the six overarching priorities are three cross cutting principles:

- Climate Action: The plan is aligned to the Council’s ambitious low carbon programme which includes commitment to 2028 Net Zero targets and likewise a city wide 2041 target climate change strategy ‘Future Generations’ and our target to make the Council net carbon zero by 2028. Reducing carbon emissions will continue to be a local and national priority.
- Driven by Digital: Wolverhampton is at the forefront of digital infrastructure and innovation, and now more than ever we have seen the importance of digital skills and connectivity to social and economic participations for the City’s residents.
- Fair and Equal: The Council will continue to tackle the inequalities in our city which impact on the opportunities of local people. The plan is aligned to our Equality, Diversity and Inclusion strategy which is underpinned by directorate level action plans.
- Wolverhampton Pound: Using the collective power of our local institutions, businesses and people to retain as much local wealth as possible. We are working closely with the city’s anchor institutions to maximise the impact of the Wolverhampton Pound.

The Council Plan does not cover everything that the Council does, but it focuses on a combination of those issues that matter most to the local people, the national priorities set by Central Government and the unique challenges arising from the city's changing social, economic, and environmental contexts.

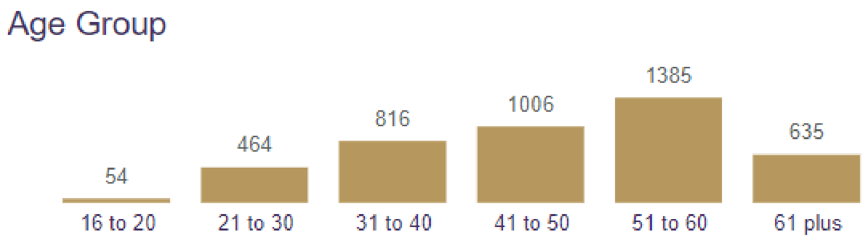
The Council uses a variety of means to assess the efficiency and effectiveness of operations against organisation strategic and statutory requirements, including a robust performance framework which is used to track progress against key indicators and to encourage scrutiny of its decisions.

Our City: Our Plan can be found on the Council's website.

A flexible and committed Council workforce

As at the 31 March 2024, the Council employed 4,360 people in 4,576 positions (excluding school-based employees), of which 1,400 (32.1%) employees are male and 2,960 (67.9%) are female.

The age profile of its employees is shown below:



The Our City: Our Plan refresh for 2024-2025 was developed through continuous conversation with our communities and partners. Delivery of the ambitions within the plan requires a committed, skilled workforce with a golden thread running through to on the ground delivery. There are key performance indicators in the plan itself to ensure we have the right workforce in place to deliver the plan's ambitions.

Workforce planning

Due to local and national recruitment and retention challenges there is a risk that this could impact our ability to deliver services for our city, in particular a risk that hard to fill vacancies across City of Wolverhampton Council may not be filled without focused action to mitigate the risk.

This risk is recognised as a strategic risk in our Strategic Risk Register and, if not mitigated, could impact our ability to deliver Our City: Our plan as our people are our most important asset – it is essential we are able to retain and recruit talent to deliver for our city. The Council is taking robust action around this issue and an update was taken to Audit and Risk Committee in November 2023. We will continue to take action to mitigate this risk, some of the examples of work already commenced includes 'growing our own', feedback from new starters, targeted advertisement of Senior Management vacancies, launch of WV Jobs website with an emphasis on showcasing the benefits of working for us and so on.

Working arrangements

The Council operates agile working and supports where possible, agile working practices based on business needs. All Council roles are classified into one of three workstyle categories: either fixed, field or flexible.

Where feasible, agile working provides employees with the flexibility to work around personal commitments and responsibilities to help achieve a work/life balance. However, any flexibility will be based on internal and external customer requirements and business needs.

The health and wellbeing of our workforce in an ever-challenging climate remains one of our key workforce priorities alongside the Council's focus to ensure we deliver the best possible service for our city and residents.

Our customer and business needs remain central to working arrangements across services. Nevertheless, working in a smarter way supports the Council to be an employer of choice and attract, develop and retain high quality staff to support our resident's needs.

Employee wellbeing

The Council continues to support employee health and wellbeing as a priority. Mental Health related illness is on the increase both locally and nationally and in response to this, the Council has put in place several support mechanisms such as the introduction of a revised employee assistance programme, my possible self-help app, wellbeing training and webinars, virtual cafes, social activities such as Choir and Yoga, Head for Health by Wolves Foundation initiatives, Able Futures, coaching and mentoring, team visits and bespoke wellbeing sessions, self-help information pages, are examples of support available to our employees.

Engagement with wellbeing training is closely monitored through the introduction and development of a wellbeing dashboard. Data gathered will highlight trends and allow a greater focus on service areas that are not maximising the learning and development opportunities. A workplace stress taskforce has recently been launched to target areas of absenteeism and implement initiatives to prevent workplace stress.

In addition, the Council surveyed its employees on mental health and wellbeing and received over 500 responses. The results have been analysed and we are engaging with employees, staff equality forums and trade unions to develop solutions to further support our employees.

The Medium-Term Financial Strategy (MTFS) 2023-2024 to 2025-2026

General Fund

The Council's General Fund Medium-Term Financial Strategy (MTFS) has been prepared against a backdrop of change and uncertainty. Several factors have combined to create a very challenging financial situation, which is expected to continue for the foreseeable future.

Financial position 2023-2024

In March 2023, the Council approved a budget of £306.4 million, incorporating budget reduction targets totalling £17.7 million (including one-off savings) for 2023-2024. The following table provides a high-level comparison of the Council's General Fund outturn position for 2023-2024 compared to budget. It details spend by Directorate, which is the format used for internal reporting to management. This table is calculated in line with legal requirements. Detailed reports were considered by Cabinet in June 2024, analysing the outturn and year end reserves position. It was reported the Council has seen costs pressures in relation to demand and increased costs across a number of services throughout the year, in particular social care and temporary accommodation. The Council outturn position was managed through the application of additional one-off resources totalling £1.1 million.

An analysis of the outturn position, after the use of one-off resources, by directorate is detailed in the following table:

Directorate	2023-2024 Net Controllable Revised Budget £m	2023-2024 Net Controllable Outturn £m	Total Variation Over/(Under) £m
Commissioning and Transformation	4.7	5.1	0.4
Adult Social Care	92.4	92.9	0.5
Children's Services and Education	54.6	56.2	1.6
Public Health & Wellbeing	6.6	6.7	0.1
Resident Services	35.0	36.5	1.5
City Assets	14.8	14.4	(0.4)
City Development	2.2	2.1	(0.1)
Finance	17.6	18.0	0.4
Governance	15.7	16.3	0.6
Strategy	13.1	11.8	(1.3)
Communications and Visitor Experience	2.6	2.5	(0.1)
Corporate Accounts	47.1	44.5	(2.6)
Net Budget Requirement	**306.4**	**307.0**	**0.6**
Resources			
Council Tax (including Adult Social Care Precept)	(126.0)	(126.0)	-
Business Rates (net of WMCA growth payment)	(74.0)	(74.1)	(0.1)
Collection fund Surplus	(3.3)	(3.5)	(0.2)
Enterprise Zone Business Rates	(1.4)	(1.6)	(0.2)

Directorate	2023-2024 Net Controllable Revised Budget £m	2023-2024 Net Controllable Outturn £m	Total Variation Over/(Under) £m
Top Up Grant	(25.2)	(25.2)	-
New Homes Bonus	(0.7)	(0.7)	-
Section 31 Grant	(27.8)	(27.9)	(0.1)
Social Care Grants	(30.0)	(30.0)	-
Improved Better Care Fund	(14.8)	(14.8)	-
Services Grant	(3.2)	(3.2)	-
Total Corporate Resources	**306.4**	**307.0**	**(0.6)**
Net Budget (Surplus)/Deficit	**-**	**-**	**-**

Cash flow management

The Council continues to review and forecast its cashflow position to ensure it is able to meet its financial obligations. Based on detailed forecast scenarios, the Council has sufficient cashflow and funds to meet its obligations and remain within the prudential indicators set out in the approved Treasury Management Strategy. During 2023-2024, net cash and cash equivalents increase by £1.9 million.

Performance indicators 2023-2024

In March 2023, Council approved Our City: Our Plan, which sets out how the Council will continue to work alongside local, regional and national partners to improve outcomes for local people. Our City: Our Plan is the strategic framework for delivering the ambition that ‘Wulfrunians will live longer, healthier lives’.

Within Our City: Our Plan the Council has published a robust performance framework to track progress against key indicators and to encourage scrutiny of its key decisions.

During 2023-2024, the Council reported on performance against Our City: Our Plan priorities in a performance and financial integrated report. There are 55 indicators across the Our City: Our Plan priorities of:

- Strong families where children grow up well and achieve their full potential.
- Fulfilled lives for all with quality care for those that need it.
- Healthy, inclusive communities.
- Good homes in well-connected neighbourhoods.
- More local people into good jobs and training.
- Thriving economy in all parts of the city.

Of the 55 indicators, the Council reported 34 saw either improved or sustained performance. Below is a highlight of some of the indicators which showed improved performance:

- Sustained performance for placement stability of children in care, making Wolverhampton one of the best local authorities in the country for placement stability.
- A reduction in the numbers of First Time Entrants into the youth justice system – over halved in two years.
- Top quartile performance for 16 and 17-year-olds in education, employment or training.
- Increased number of adult social care users supported to stay in their own homes
- Large in year increase of health check-ups for those 40-74, a key priority for the authority through 2022-2023
- Improved housing affordability and energy efficiency
- Large increases in the city's digital capabilities, including more access than ever to full fibre for residents and increasing numbers of electric charging points
- Increase in the number of local businesses being spent with by the Council, supporting the Wolverhampton Pound approach.
- Residents waiting shorter times than last year when they call customer services

The Medium-Term Financial Strategy (MTFS) 2024-2025 to 2026-2027

The Medium-Term Financial Strategy is a critical part of the Council's planning and performance framework and is kept under continuous review. The Council's 2024-2025 budget and MTFS was presented to Full Council in February 2024 and looks over forward to 2026-2027 aligning our budget to Our City Our Plan.

The medium-term financial strategy is summarised in the following table:

	2024-2025 £m	2025-2026 £m	2026-2027 £m
Net Projected Expenditure Budget	**332.0**	**365.1**	**380.9**
Total Projected Resources	**(332.0)**	**(338.0)**	**(348.3)**
Cumulative Projected Deficit	**-**	**27.1**	**32.6**
Annual Projected Deficit	**-**	**27.1**	**5.5**

A number of emerging pressures were identified throughout the year, including the impact of the cost of living on our residents, inflationary pressures, and increasing demand for services. In order to be prudent these have been recognised in the Budget and MTFS which incorporated £14.1 million of growth to support these forecast inflation, demand and development pressures in 2024-2025.

The Council prudently considered these pressures when setting the 2024-2025 budget, and in February 2024, the Council was able to set a balanced budget for 2024-2025 without the need to use general reserves. The Council did however, build in the use of £6.0 million of earmarked reserves to balance the budget and to support corporate priorities in 2024-2025.

After taking into account the forecast impact of inflation and increased demand for our services, the Council is forecast it will need to save a further £27.1 million in 2025-2025, rising to around £32.6 million by 2026-2027.

It is particularly challenging to make financial projections over the medium-term period; however, they have been adjusted based upon information currently available and professional judgement. It is important to note that, due to external factors, budget assumptions remain subject to significant change, which could, result in alterations to the financial position facing the council.

Major risks and opportunities to the Council

The current outlook remains challenging with the level of financial distress across the local government sector continuing to increase. There continues to be significant uncertainty over the medium term, increased demand for services and rising costs has placed significant pressures on the MTFS, with £40.7 million being built in over the medium term to support projected cost pressures. Whilst inflation is now reducing, we are still left with cost pressures.

The cost-of-living crisis has followed in the wake of the Covid-19 pandemic and has had significantly impacting on our residents through higher energy and food bills. Recovery from the pandemic and the impact of rising inflation, requires the Council to invest significantly, in our city and its people to help them recover and thrive. Investment is needed in supporting vulnerable residents and struggling families; in opportunities for our children and young people, in jobs and employment opportunities for our young adults hit disproportionately by unemployment; in support for city businesses, in closing the digital divide and in the big switch to a greener economy.

The most recent statistics from the Department for Energy Security & Net Zero (2022), show that 23% of households were already in fuel poverty. The challenges this presents are greater for some of our families where incomes are lower, and the housing stock is older and difficult to heat. Through our Financial Wellbeing package, the Council is working with local partners to ensure our most vulnerable communities are supported, with the aim to support a reduction in and future avoidance, of the financial hardship currently being experienced by residents in our city.

Data shows that in the 12 months to March 2024, the economic inactivity rate for those aged 16-64 in Wolverhampton is 30.3% over 9 percentage points higher than the average rate for England. The primary reason for inactivity in the city is ‘long term sick’ (30.7%) with just 5.0% of residents falling into the ‘retired’ category.

There continues to be uncertainty around the cost of social care over the medium term due to increases in demand for services, and any impact of the fee uplift. The budget and MTFS includes significant growth for adult services. The Adult Transformation Programme is underway which includes a redesign of the service with the aim of addressing any longer-term alignment of staffing resources, stabilising the care market as well as reducing demand by supporting people to be more independent.

The Council has committed to being carbon-neutral by 2028 and deliver upon the promises it has made when the Council declared a climate emergency at Full Council in 2019. To achieve net zero as an organisation, the Council will need to make significant investment in its assets, such as electric fleet, energy efficiency retrofits, low carbon heating and renewable energy – which could deliver ongoing revenue savings.

There remains uncertainty around interest rates. The Council recognise the uncertainty and engages its external advisors to assist in formulating a view on interest rates. The Council continues to monitor prevailing interest rates and the market forecast and will seek the best rates of interest for borrowing, earning interest on investments, whilst managing risk in making financial decisions. The Council manages its exposure to fluctuations in interest rates with a view to contain its net interest costs or revenue, in accordance with its Treasury Management Strategy.

Risk management and internal control are a significant part of the governance framework and are designed to manage risk to a reasonable level. The Council's strategic risk register is updated and reported on a regular basis to the Senior Executive Board (SEB), Cabinet and Audit and Risk Committee.

The city is going through a period of significant transformation with new investment, new opportunities, and new challenges. We are an ambitious city and Council. We will work with partners to connect people, places and communities to unlock potential and create change. We will do this by working with our residents and partners to co-design and co-produce innovative solutions to our challenges, developing long term resilience and capacity to tackle inequalities and reduce deprivation. This signifies how our Council will operate moving forward.

There also continues to be considerable uncertainty with regards to future funding streams for local authorities, with the funding settlement for 2024-2025 again being for one-year only. Therefore, in the absence of any certainty around funding, the MTFS currently assumes that the overall funding levels with will be made available to the Council remain fairly stable throughout the period covered by the MTFS. However, this is a risk acknowledged by the Council.

Housing Revenue Account (HRA)

Financial position 2023-2024

The outturn position against budget for the HRA is in a balanced position after making provision for debt redemption and capital financing of £15.1 million. The following table summarises the HRA outturn position against budget.

	Budget 2023-2024 £m	Outturn 2023-2024 £m	Variance Over/(Under) £m
Total Income	(105.8)	(105.4)	0.4
Total Expenditure	81.0	79.2	(1.8)
Net Cost of Services	**(24.8)**	**(26.2)**	**(1.4)**
Net Cost of Borrowing and Investments	13.0	11.1	(1.9)
Contribution to capital financing, provision for redemption of debt and HRA reserve	11.8	15.1	3.3
Balance for the year	**-**	**-**	**-**

The Council is planning to utilise the freedoms and resources resulting from the introduction of self-financing in April 2012 to continue to develop new affordable housing in the city, further helped by the abolition of the HRA borrowing cap in October 2018.

An updated HRA business plan was approved by Council in January 2024. The Business Plan model has been reviewed, assumptions updated, and additional capital expenditure built in with the aim of providing sufficient resources to maintain existing stock and maximising new build. The HRA is expected to have sufficient resources to fund over £2.0 billion of capital works over the next 30 years, as well as meeting its management and maintenance obligations over the same period.

In terms of 2024-2025, the plan includes an average rent increase of 7.7% in line with the requirements of the Rent Standard 2020. The following table shows the approved budget for 2024-2025, together with forecasts for the next two years:

	Budget 2024-2025 £m	Forecast 2025-2026 £m	Forecast 2026-2027 £m
Income			
Gross Rents – Dwellings	(108.4)	(109.5)	(114.4)
Gross Rents - Non-Dwellings	(0.7)	(0.7)	(0.7)
Charges to Tenants for Services and Facilities	(6.6)	(6.6)	(6.7)
Total Income	**(115.7)**	**(116.8)**	**(121.8)**
Expenditure			
Management and Maintenance	60.0	60.1	61.3
Depreciation of Long-Term Assets	22.9	23.6	24.2
Net Financing Costs	30.6	31.1	34.4
Provision for Bad Debts	2.2	2.0	1.9
Total Expenditure	**115.7**	**116.8**	**121.8**
Balance	**-**	**-**	**-**

Capital programme

In February 2024, the Council approved the General Fund capital programme totalling £373.7 million for the period of 2023-2024 to 2027-2028.

The capital programme includes significant investment programmes that endeavour to create an environment where new and existing businesses thrive, people can develop the skills they need to secure jobs and create neighbourhoods in which people are proud to live. The capital programme reflects the priorities of the Strategic Asset Management Plan.

Capital expenditure is investment in the Council's property, plant, equipment, and other long-life assets. It can also include investment in assets owned by other people, in certain circumstances. The Council has successfully put together a capital programme that includes major projects such as Decent Homes Stock Condition Improvements, New Build Programme, City Learning Quarter, Oxley Health & Wellbeing Facility, and One Public Estate. The medium-term capital programme table in the financial position 2023-2024 section below, shows the Council's capital programme for the next five years, as approved by Full Council.

Capital programme - financial position 2023-2024

The capital programme was prepared during a period of rising inflation which has an impact on the development of capital projects. The Council continues to monitor this and to mitigate against these risks contingency budgets are reviewed. will continue to assess the potential implications on the capital programme.

Capital expenditure by the Council during 2023-2024 totalled £184.5 million, as set out in the following table. This was £19.9 million under budget primarily due to reprofiling of project costs. Many capital projects span multiple financial years and the Council's Cabinet will consider a detailed report on the full capital programme, including the outturn for 2023-2024 in July 2024.

Expenditure	Approved budget £m	Outturn £m	Variation Over/(Under) £m
General Fund			
City Development	22.4	17.0	(5.4)
Resident Services	34.9	26.9	(8.0)
Finance	5.2	4.3	(0.9)
Children Services and Education	11.7	11.2	(0.5)
Strategy	2.9	2.6	(0.3)
City Assets	7.7	6.7	(1.0)
Public Health and Wellbeing	0.4	0.3	(0.1)
Communications and Visitor Experience	0.6	0.4	(0.2)
Governance	0.1	0.1	-
Total General Fund	**85.9**	**69.5**	**(16.4)**
Housing Revenue Account (HRA)	**118.7**	**115.0**	**(3.7)**
Total Expenditure	**204.6**	**184.5**	**(20.1)**

The Medium-Term Capital Programme was approved by Full Council in February 2024, and is summarised in the following table:

	2023-2024 £m	2024-2025 £m	2025-2026 £m	2026-2027 £m	2027-2028 £m	2028-2029 £m	TOTAL £m
General Fund	85.9	155.3	98.7	27.8	6.0	-	373.7
Housing Revenue Account	118.7	142.1	128.9	103.9	86.3	63.3	643.2
Forecast Expenditure	**204.6**	**297.4**	**227.6**	**131.7**	**92.3**	**63.3**	**1,016.9**

The following table lists some of the main projects in 2023-2024:

Project	Forecast Expenditure 2024-2025 £m
City Learning Quarter	37.9
Corporate Provision for Future Programmes and other corporate initiatives	22.4
Brewer's Yard Phase 1	9.9
Corporate Asset Management Fund	7.7
Oxley Residential & Health and Wellbeing Facility	6.3
Bilston Health and Wellbeing Facility	6.1
Loans to WV Living to bring forward housing development sites	6.0
Bilston Market Redevelopment	5.9
One Public Estate	5.7
Highway Improvements & Active Travel	5.2
Box Space	4.6
Highway Capital Maintenance	4.3
Primary School Expansion Programme	3.2
Special Education Capital Programme	3.2
Fleet Replacement Programme	2.8
Wednesfield High Street Redevelopment	2.6
Public Realm Improvement Phase 2	2.2
Schools Modernisation, Suitability and Condition	2.1
Digital & ICT	2.0
Wolverhampton Interchange Phase 2	1.9
Bilston Public Realm Improvements	1.7
Operational Road Maintenance – other rolling programmes	1.3
Secondary School Expansion Programme	1.3
Chubb Cinema	0.8

Project	Forecast Expenditure 2024-2025 £m
Parks Strategy & Open Spaces	0.7
Newhampton Arts Park	0.4
i11 Building	0.3
i54 Western Extension	0.3
City Centre	0.3
Other projects	0.2
	149.3
Housing Private Sector	**6.0**
Housing Revenue Account	
Decent Homes Stock Condition	83.9
Estate Remodelling	20.7
Other Stock Condition Improvements	19.5
New Build Programme	11.9
Service and Other Improvements to Public Realm	3.4
Adaptations for People with Disabilities	2.6
	142.0
Grand total	**297.3**

The following table shows how the Council is planning to fund the projects listed:

	Forecast Expenditure 2024-2025 £m
Borrowing	166.1
Grants and Contributions	96.8
Reserve Funds	22.8
Capital Receipts	11.6
Total	**297.3**

Section 2 – Statement of Responsibilities

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. In this Council, that officer is the Director of Finance.

- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.

- Approve the Statement of Accounts.

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

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

- Selected suitable accounting policies and then applied them consistently.

- Made judgements and estimates that were reasonable and prudent.

- Complied with the Code.

The Director of Finance has also:

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

Certification of the Section 151 Officer

I certify that the above responsibilities have been complied with and the Statement of Accounts herewith presents a true and fair view of the financial position of the council as at 31 March 2024 and its income and expenditure for the year ended on the same date.

Mark Taylor

Date:

INTENTIONALLY LEFT BLANK

Comprehensive Income and Expenditure Statement (Council)

2022-2023 Gross Expenditure £m	2022-2023 Gross Income £m	2022-2023 Net Expenditure £m		Note	2023-2024 Gross Expenditure £m	2023-2024 Gross Income £m	2023-2024 Net Expenditure £m
127.4	(41.3)	86.2	Adult Social Care		147.0	(45.0)	102.0
12.0	(9.6)	2.4	City Assets		14.2	(8.1)	6.1
8.4	(2.0)	6.4	City Development		15.7	(2.3)	13.4
292.8	(207.2)	85.6	Children's Services and Education		283.7	(210.5)	73.2
7.0	(0.8)	6.2	Commissioning and Transformation		6.8	(1.1)	5.7
10.0	(1.6)	8.3	Communications and Visitor Experience		9.4	(2.1)	7.3
81.6	(70.9)	10.6	Finance		79.2	(66.6)	12.6
9.3	(1.4)	7.9	Governance		5.0	(1.2)	3.8
48.5	(34.8)	13.7	Public Health & Wellbeing		50.9	(37.4)	13.5
13.1	(4.2)	8.9	Strategy		8.4	(5.0)	3.4
91.0	(29.4)	61.6	Resident Services		94.3	(27.9)	66.4
2.4	(19.8)	(17.4)	Corporate Budgets		16.3	(17.1)	(0.8)
4.7	(5.9)	(1.2)	Corporate Resources		3.8	(6.9)	(3.1)
40.3	(102.2)	(61.9)	Housing Revenue Account		89.8	(108.2)	(18.4)
748.5	**(531.1)**	**217.4**	**Net Cost of Services**		**824.4**	**(539.2)**	**285.2**
25.2	(10.6)	14.5	Other operating expenditure	3	53.3	(21.4)	31.9
52.3	(4.1)	48.2	Financing and investment income and expenditure	4	42.0	(6.4)	35.7
-	(320.6)	(320.6)	Taxation and non-specific grant income and expenditure	5	-	(344.1)	(344.1)

2022-2023 Gross Expenditure £m	2022-2023 Gross Income £m	2022-2023 Net Expenditure £m		Note	2023-2024 Gross Expenditure £m	2023-2024 Gross Income £m	2023-2024 Net Expenditure £m
825.9	**(866.5)**	**(40.6)**	**Deficit/(Surplus) on Provision of Services**		**919.7**	**(911.0)**	**8.7**
		(33.8)	(Gain)/loss on revaluation of non-current assets				(4.5)
		(550.6)	Re-measurement of the net defined benefit liability				(9.7)
		(13.0)	(Surplus) or deficit from investments in equity instruments designated at fair value through other comprehensive income				(2.6)
		(597.4)	**Other Comprehensive Income and Expenditure**				**(16.8)**
		(638.0)	**Total Comprehensive Income and Expenditure**				**(8.1)**

* 2022-2023 has been restated to reflect organisational restructure. Note 1A provides the details of the restatement.

Comprehensive Income and Expenditure Statement (Group)

	2022-2023				2023-2024	
Gross Expenditure £m	Gross Income £m	Net Expenditure £m		Gross Expenditure £m	Gross Income £m	Net Expenditure £m
127.4	*(41.3)*	*86.2*	*Adult Social Care*	*147.0*	*(45.0)*	*102.0*
292.8	*(207.2)*	*85.6*	*City Assets*	*14.2*	*(8.1)*	*6.1*
48.5	*(34.8)*	*13.7*	*City Development*	*15.7*	*(2.3)*	*13.4*
7.0	*(0.8)*	*6.2*	*Children's Services and Education*	*283.7*	*(210.5)*	*73.2*
10.0	*(1.6)*	*8.3*	*Commissioning and Transformation*	*6.8*	*(1.1)*	*5.7*
13.1	*(4.2)*	*8.9*	*Communications and Visitor Experience*	*9.4*	*(2.1)*	*7.4*
8.4	*(2.0)*	*6.4*	*Finance*	*79.2*	*(66.6)*	*12.6*
12.0	*(9.6)*	*2.4*	*Governance*	*5.0*	*(1.2)*	*3.8*
91.0	*(29.4)*	*61.6*	*Public Health & Wellbeing*	*50.9*	*(37.4)*	*13.4*
9.3	*(1.4)*	*7.9*	*Strategy*	*8.4*	*(5.0)*	*3.4*
81.6	*(70.9)*	*10.6*	*Resident Services*	*94.3*	*(27.9)*	*66.4*
4.7	*(5.9)*	*(1.2)*	*Corporate Budgets*	*16.3*	*(17.1)*	*(0.7)*
2.4	*(19.8)*	*(17.4)*	*Corporate Resources*	*3.8*	*(6.9)*	*(3.1)*
47.4	*(104.9)*	*(57.5)*	*Housing Services*	*97.3*	*(113.7)*	*(16.4)*
755.6	***(533.9)***	***221.7***	***Net Cost of Services***	***831.9***	***(544.6)***	***287.3***
26.2	*(10.6)*	*15.6*	*Other operating expenditure*	*54.6*	*(21.4)*	*33.2*
53.8	*(4.2)*	*49.6*	*Financing and investment income and expenditure*	*42.2*	*(6.5)*	*35.6*
-	*(320.0)*	*(320.0)*	*Taxation and non-specific grant income and expenditure*	*-*	*(343.8)*	*(343.8)*
835.6	***(868.7)***	***(33.1)***	***Deficit/(Surplus) on Provision of Services***	***928.7***	***(916.4)***	***12.3***
		(33.8)	*(Gain)/loss on revaluation of non-current assets*			***(4.5)***

2022-2023 Gross Expenditure £m	Gross Income £m	Net Expenditure £m		2023-2024 Gross Expenditure £m	Gross Income £m	Net Expenditure £m
		(603.2)	*Re-measurement of the net defined benefit liability*			*(11.4)*
		(13.0)	*(Surplus) or deficit from investments in equity instruments designated at fair value through other comprehensive income*			*(2.6)*
		(650.1)	***Other Comprehensive Income and Expenditure***			*(18.5)*
		(683.1)	***Total Comprehensive Income and Expenditure***			***(6.2)***

Balance Sheet (Council and Group)

31 March 2023				31 March 2024	
Council £m	Group £m		Note	Council £m	Group £m
1,749.8	*1,753.7*	Property, Plant & Equipment	8	1,804.3	*1,807.7*
14.3	*14.3*	Heritage Assets	8	16.0	*16.0*
27.0	*27.0*	Investment Property	8	27.9	*27.9*
1.3	*1.3*	Intangible Assets	8	1.3	*1.3*
40.9	*32.9*	Long-Term Investments		43.5	*35.5*
1.3	*1.3*	Long-Term Debtors		1.3	*1.3*
-	-	Long-Term Loans to External Bodies		-	-
1,834.6	***1,830.4***	**Long-term Assets**		**1,894.2**	***1,889.6***
5.5	*5.5*	Assets Held for Sale	8	6.2	*6.2*
17.6	*17.6*	Short-Term Investments		9.9	*9.9*
0.6	*8.6*	Inventories		0.6	*11.4*
85.9	*83.5*	Short-Term Debtors	6A	97.2	*95.8*
1.6	*7.2*	Cash and Cash Equivalents		3.5	*8.3*
111.2	***122.4***	**Current Assets**		**117.4**	***131.5***
(12.2)	*(12.2)*	Short-Term Borrowing		(5.7)	*(5.7)*
(71.5)	*(73.3)*	Short-Term Creditors	6C	(76.1)	*(82.8)*
(12.8)	*(12.9)*	Provisions	7A	(13.2)	*(13.2)*
(25.7)	*(25.7)*	Grant Receipts in Advance – Revenue		(29.0)	*(29.0)*
(45.2)	*(45.2)*	Grant Receipts in Advance – Capital		(53.6)	*(53.6)*
(167.4)	***(169.3)***	**Current Liabilities**		**(177.6)**	***(184.2)***
(708.4)	*(708.4)*	Long-Term Borrowing		(780.7)	*(780.7)*

31 March 2023				31 March 2024	
Council £m	**Group £m**		**Note**	**Council £m**	**Group £m**
(73.5)	*(73.5)*	Net Pension Liability	9	(54.6)	*(54.6)*
(81.4)	*(82.8)*	Other Long-Term Liabilities		(76.3)	*(77.2)*
(2.3)	*(2.3)*	Grant Receipts in Advance – Revenue		(2.3)	*(2.3)*
(3.1)	*(3.1)*	Grant Receipts in Advance – Capital		(2.5)	*(2.5)*
(868.7)	***(870.1)***	**Long-Term Liabilities**		**(916.4)**	***(917.3)***
909.5	***913.3***	**Net Assets**		**917.6**	***919.5***
(121.3)	***(122.5)***	**Usable Reserves**	13A	**(103.1)**	***(102.5)***
(788.2)	***(790.8)***	**Unusable Reserves**	13A	**(814.5)**	***(817.0)***
(909.5)	***(913.3)***	**Total Reserves**		**(917.6)**	***(919.5)***

The notes, Housing Revenue Account Statements and Collection Fund Statement form part of these financial statements.

The unaudited accounts were issued on 8th August 2024.

Signed:

Section 151 Officer

Date:

Movement in Reserves Statement 2023-2024 (for a detailed breakdown of the figures in these Statements, see Note 13A)

Council 2023 -2024	General Fund balance £m	General Fund Earmarked Reserves £m	Total General Fund balance £m	Housing Revenue Account £m	Major Repairs Reserve £m	Capital Receipts Reserve £m	Capital Grants Unapplied Account £m	Total Usable Reserves £m	Total Unusable Reserves £m	TOTAL (Council) £m
Balance Brought Forward	**(15.3)**	**(87.0)**	**(102.3)**	**(7.2)**	**(2.7)**	**(8.2)**	**(0.9)**	**(121.3)**	**(788.2)**	**(909.5)**
Surplus/(Deficit) on Provision of Services	20.5	-	**20.5**	(11.8)	-	-	-	**8.7**	-	**8.7**
-Other Comprehensive Income and Expenditure	-	-	**-**	-	-	-	-	**-**	(16.8)	**(16.8)**
-Total Comprehensive Income and Expenditure	20.5	-	**20.5**	(11.8)	-	-	-	**8.7**	(16.8)	**(8.1)**
Net Decrease/(Increase) before Transfers & other Movements	**20.5**	**-**	**20.5**	**(11.8)**	**-**	**-**	**-**	**8.7**	**(16.8)**	**(8.1)**
Adjustments between accounting basis and funding basis under Regulations	0.4	-	**0.4**	11.2	(0.2)	(1.9)	-	**9.5**	(9.5)	**-**
Transfers to/from Earmarked Reserves	(22.6)	22.0	**(0.6)**	0.6	-	-	-	**-**	-	**-**
(Increase)/decrease for the Year	**(1.7)**	**22.0**	**20.3**	**-**	**(0.2)**	**(1.9)**	**-**	**18.2**	**(26.3)**	**(8.1)**
Balance carried Forward	**(17.0)**	**(65.0)**	**(82.0)**	**(7.2)**	**(2.9)**	**(10.2)**	**(0.9)**	**(103.1)**	**(814.5)**	**(917.6)**

Group 2023-2024	General Fund balance £m	General Fund Earmarked Reserves £m	Total General Fund balance £m	Housing Revenue Account £m	Major Repairs Reserve £m	Capital Receipts Reserve £m	Capital Grants Unapplied Account £m	Total Usable Reserves £m	Total Unusable Reserves £m	TOTAL (Council) £m	Reserves of the Subsidiary £m	TOTAL (Group) £m
Balance Brought Forward	**(15.3)**	**(87.0)**	**(102.3)**	**(7.2)**	**(2.7)**	**(8.2)**	**(0.9)**	**(121.3)**	**(788.2)**	**(909.5)**	**(3.8)**	***(913.3)***
Surplus/(Deficit) on Provision of Services	89.9	-	**89.9**	(11.8)	-	-	-	**78.1**	-	**78.1**	(65.9)	***12.3***
Other Comprehensive Income and Expenditure	-	-	**-**	-	-	-	-	**-**	(16.8)	**(16.8)**	(1.7)	***(18.5)***
Total Comprehensive Income and Expenditure	89.9	-	**89.9**	(11.8)	-	-	-	**78.1**	(16.8)	**61.3**	(67.6)	***(6.2)***
Net Decrease/(Increase) before Transfers & other Movements	**89.9**	**-**	**89.9**	**(11.8)**	**-**	**-**	**-**	**78.1**	**(16.8)**	**61.3**	**(67.6)**	***(6.2)***
Adjustments between Group Accounts & Authority Accounts	(69.4)	-	**(69.4)**	-	-	-	-	**(69.4)**	-	**(69.4)**	69.4	***-***
Adjustments between accounting basis and funding basis under Regulations	0.4	-	**0.4**	11.2	(0.2)	(1.9)	-	**9.5**	(9.5)	**-**	-	***-***
Transfers to/from Earmarked Reserves	(22.6)	22.0	**(0.6)**	0.6	-	-	-	**-**	-	**-**	-	***-***
(Increase)/ decrease for the Year	**(1.7)**	**22.0**	**20.3**	**-**	**-**	**(1.9)**	**-**	**18.2**	**(26.3)**	**(8.1)**	**1.9**	***(6.2)***
Balance Carried Forward	**(17.0)**	**(65.0)**	**(82.0)**	**(7.2)**	**(2.9)**	**(10.2)**	**(0.9)**	**(103.1)**	**(814.5)**	**(917.6)**	**(1.9)**	***(919.5)***

Movement in Reserves Statement 2022-2023 (For a detailed breakdown of the figures in these Statements, see Note 13A)

Council 2022-2023	General Fund balance £m	General Fund Earmarked Reserves £m	Total General Fund balance £m	Housing Revenue Account £m	Major Repairs Reserve £m	Capital Receipts Reserve £m	Capital Grants Unapplied Account £m	Total Usable Reserves £m	Total Unusable Reserves £m	TOTAL (Council) £m
Balance Brought Forward	**(13.7)**	**(112.2)**	**(125.9)**	**(6.9)**	**(2.0)**	**(10.8)**	**(1.3)**	**(147.0)**	**(124.5)**	**(271.5)**
Surplus/(Deficit) on Provision of Services	12.9	-	**12.9**	(53.5)	-	-	-	**(40.6)**	-	**(40.6)**
-Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	**-**	(597.4)	**(597.4)**
-Total Comprehensive Income and Expenditure	12.9	-	**12.9**	(53.5)	-	-	-	**(40.6)**	(597.4)	**(638.0)**
Net Decrease/(Increase) before Transfers & other Movements	**12.9**	**-**	**12.9**	**(53.5)**	**-**	**-**	**-**	**(40.6)**	**(597.4)**	**(638.0)**
Adjustments between accounting basis and funding basis under Regulations	10.7	-	**10.7**	53.2	(0.6)	2.6	0.4	**66.3**	(66.2)	**-**
Transfers to/from Earmarked Reserves	(25.2)	25.2	-	-	-	-	-	-	-	**-**
(Increase)/decrease for the Year	**(1.7)**	**25.2**	**23.6**	**(0.2)**	**(0.6)**	**2.6**	**0.4**	**25.7**	**(663.7)**	**(638.0)**
Balance Carried Forward	**(15.3)**	**(87.0)**	**(102.3)**	**(7.2)**	**(2.7)**	**(8.2)**	**(0.9)**	**(121.3)**	**(788.2)**	**(909.5)**

Group 2022-2023	General Fund balance	General Fund Earmarked Reserves	Total General Fund balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Total Unusable Reserves	TOTAL (Council)	Reserves of the Subsidiary	TOTAL (Group)
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance Brought Forward	**(13.7)**	**(112.2)**	**(125.9)**	**(6.9)**	**(2.0)**	**(10.8)**	**(1.3)**	**(147.0)**	**(124.5)**	**(271.5)**	**41.3**	*(230.2)*
Surplus/(Deficit) on Provision of Services	65.7	-	**65.7**	(53.5)	-	-	-	**12.2**	-	**12.2**	(45.3)	*(33.1)*
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	**-**	(597.4)	**(597.4)**	(52.7)	*(650.2)*
Total Comprehensive Income and Expenditure	65.7	-	**65.7**	(53.5)	-	-	-	**12.2**	(597.4)	**(585.2)**	(98.0)	*(683.3)*
Net Decrease/(Increase) before Transfers & other Movements	**65.7**	**-**	**65.7**	**(53.5)**	**-**	**-**	**-**	**12.2**	**(597.4)**	**(585.2)**	**(98.0)**	***(683.3)***
Adjustments between Group Accounts & Authority Accounts	(52.8)	-	**(52.8)**	**-**	**-**	**-**	**-**	**(52.8)**	-	**(52.8)**	52.8	-
Adjustments between accounting basis and funding basis under Regulations	10.7	-	**10.7**	53.2	(0.6)	2.6	0.4	**66.3**	(66.3)	**-**	-	-
Transfers to/from Earmarked Reserves	(25.2)	25.2	-	-	-	-	-	-	-	**-**	-	-
(Increase)/ decrease for the Year	**(1.6)**	**25.2**	**23.6**	**(0.2)**	**(0.6)**	**2.6**	**0.4**	**25.7**	**(663.7)**	**(638.0)**	**(45.3)**	*(683.3)*
Balance Carried Forward	**(15.3)**	**(87.0)**	**(102.3)**	**(7.2)**	**(2.7)**	**(8.2)**	**(0.9)**	**(121.3)**	**(788.2)**	**(909.5)**	**(3.9)**	***(913.5)***

Cash Flow Statement (Council and Group)

2022-2023 Council £m	2022-2023 *Group £m*		Note	2023-2024 Council £m	2023-2024 *Group £m*
		Operating Activities			
(40.6)	*(33.1)*	Net deficit on the provision of services		8.7	*12.3*
(36.2)	*(41.4)*	Adjustment for non-cash movements	14A	(100.4)	*(103.1)*
56.2	*56.2*	Adjustment for items that are investing and financing activities	14B	64.8	*64.8*
(20.5)	***(18.2)***	**Net cash flows from operating activities**		**(26.9)**	***(26.0)***
		Investing Activities			
124.4	*124.4*	Purchase of Property, plant and equipment, investment property and Intangible assets		158.3	*158.3*
439.0	*439.0*	Purchase of short-term and long-term investments		559.6	*559.6*
(501.6)	*(501.6)*	Receipts from sale of short-term and long-term investments		(567.3)	*(567.3)*
-	-	Cash receipts of short- and long-term borrowing		(84.0)	*(84.0)*
0.3	*0.3*	Other receipts from investing activities		0.6	*0.6*
(10.6)	*(10.6)*	Proceeds from the sale of Property, plant, and equipment, Investment property and Intangible assets		(21.4)	*(21.4)*
(45.6)	*(45.6)*	Capital grants received		(43.4)	*(43.4)*
5.9	***5.9***	**Net cash flows from investing activities**		**2.4**	***2.4***
		Financing Activities			
4.8	*4.8*	Cash payments for the reduction of the outstanding liability relating to finance leases and on-balance sheet PFI contracts		5.2	*5.2*
10.5	*10.5*	Repayments of short-and long-term borrowing		17.5	*17.5*
15.2	***15.2***	**Net cash flows from total financing activities**		**22.6**	***22.6***
0.5	***2.8***	**Net (increase) or decrease in cash and cash equivalents**		**(1.9)**	***(1.0)***
		Cash and Cash Equivalents at the Start of the Year			
0.6	*0.6*	Cash held by the council		0.8	*0.8*

2022-2023 Council £m	*Group £m*		Note	2023-2024 Council £m	*Group £m*
1.5	*9.3*	Bank current accounts		0.7	*6.4*
2.1	***9.9***			**1.6**	***7.2***
		Cash and Cash Equivalents at the End of the Year			
0.8	*0.8*	Cash held by the council		0.9	*0.9*
0.7	*6.4*	Bank current accounts		2.5	*7.4*
1.6	***7.2***			**3.5**	***8.3***

Notes to Statement of Accounts

Note 1A Prior period restatement

Net Expenditure	As reported in the CIES Statement 2022-2023	Adults Social Care	Children's Services and	Public Health & Wellbeing	Commissioning and	Communications and Visitor Experience	Strategy	City Development (previously Regeneration)	City Assets	Resident Services	Governance	Finance	Corporate Resources	Corporate Budgets	Housing Revenue Account
	£m	£m	£m	£m	£m		£m	£m	£m	£m		£m	£m	£m	£m
Restated closing balances 2022-2023		**88.6**	**85.6**	**13.6**	**3.7**	**8.5**	**6.1**	**9.0**	**2.4**	**61.7**	**8.0**	**10.6**	**(1.2)**	**(17.4)**	**(61.9)**
Adults Social Care	88.6	(2.5)			2.5										
Children's Services and Education	85.6														
Public Health & Wellbeing	13.6														
Commissioning and Transformation	3.7														
Communications and Visitor Experience	8.5					(0.3)	0.3								
Strategy	6.1														
Regeneration	9.0					0.2	2.5	(2.6)							
City Assets	2.4														
Resident Services	61.7									(0.1)	0.1				
Governance	8.0			0.2							(0.2)				
Finance	10.6														
Corporate Resources	(1.2)														
Corporate Budgets	(17.4)														
Housing Revenue Account	(61.9)														
Net Expenditure 2022-2023 as restated in the CIES 2023-2024	**217.4**	**86.2**	**85.6**	**13.8**	**6.2**	**8.3**	**9.0**	**6.4**	**2.4**	**61.6**	**8.0**	**10.6**	**(1.2)**	**(17.4)**	**(61.9)**

In 2023-2024 a senior management internal restructure resulted in a number of services being reclassified. The CIES and accompanying Expenditure and Funding Analysis notes have been restated for comparability. The table above shows the amounts of the reclassifications.

Note 1B - Expenditure and funding analysis

2023-2024	Net Expenditure Reported to Cabinet £m	Adjustment to arrive at the Net Amount Chargeable to the General Fund and HRA balances £m	Net Expenditure Chargeable to the General Fund and HRA balances £m	Adjustments between the Funding and Accounting Basis £m	Net Expenditure in the Comprehensive Income and Expenditure Statement £m
Adult Social Care	92.9	8.9	101.8	0.2	102.0
City Assets	14.4	(23.2)	(8.8)	14.9	6.1
City Development	2.1	0.6	2.6	10.8	13.4
Children's Services and Education	56.2	(4.6)	51.6	21.6	73.2
Commissioning and Transformation	5.1	0.7	5.9	(0.1)	5.7
Communications & Visitor Experience	2.5	1.1	3.5	3.9	7.4
Finance	18.0	(5.1)	13.0	(0.4)	12.6
Governance	16.3	(12.0)	4.3	(0.5)	3.8
Public Health & Wellbeing	6.7	6.5	13.2	0.3	13.4
Strategy	11.8	(11.3)	0.5	2.9	3.4
Resident Services	36.5	9.7	46.2	20.2	66.4
Corporate Budgets	44.5	28.7	73.3	(74.0)	(0.7)
Corporate Resources	(307.0)	303.9	(3.1)	-	(3.1)
Housing Revenue Account	-	(7.2)	(7.2)	(11.2)	(18.4)
Net Cost of Services	**-**	**296.8**	**296.8**	**(11.6)**	**285.2**
Other Income and Expenditure	-	(276.5)	(276.5)	-	(276.5)
Surplus or Deficit	**-**	**20.3**	**20.3**	**(11.6)**	**8.7**

Opening General Fund and HRA balance	**(109.5)**
Surplus/deficit for the year	20.1
Closing General Fund and HRA balance	**(89.4)**

2022-2023	Net Expenditure Reported to Cabinet £m	Adjustment to arrive at the Net Amount Chargeable to the General Fund and HRA balances £m	Net Expenditure Chargeable to the General Fund and HRA balances £m	Adjustments between the Funding and Accounting Basis £m	Net Expenditure in the Comprehensive Income and Expenditure Statement £m
Adult Services	79.6	5.8	85.4	3.2	88.6
Children's Services and Education	49.1	10.0	59.2	26.4	85.6
Public Health & Wellbeing	6.3	5.8	12.0	1.5	13.5
Commissioning and Transformation	3.3	0.3	3.6	0.1	3.7
Communications & Visitor Experience	2.5	1.5	3.9	4.6	8.5
Strategy	11.1	(10.4)	1.1	5.1	6.2
Regeneration	2.7	1.0	3.7	5.3	9.0
City Assets	11.1	(9.8)	1.3	1.1	2.4
Resident Services	32.3	6.8	39.1	22.6	61.7
Governance	14.2	(8.2)	6.0	2.0	8.0
Finance	14.9	(5.9)	9.0	1.6	10.6
Corporate Resources	(265.9)	264.7	(1.2)	-	(1.2)
Corporate Budgets	38.5	28.3	66.8	(84.1)	(17.4)
Housing Revenue Account	-	(8.7)	(8.7)	(53.2)	(61.9)
Net Cost of Services	-	281.2	281.2	(63.9)	217.3
Other Income and Expenditure	-	(257.9)	(257.9)	-	(257.9)
Surplus or Deficit	-	23.3	23.3	(63.9)	(40.6)

Opening General Fund and HRA balance	**(132.8)**
Surplus/deficit for the year	23.3
Closing General Fund and HRA balance	**(109.5)**

Note 1C – Note to the expenditure and funding analysis

2023-2024	Net Change for the Pensions Adjustment	Adjustment for Capital Purposes	Other Operating Expenditure	Reserves	Taxation & non- specific grant income & expenditure	Financing & investment income	Other Differences	Adjustment to arrive at the Net Amount Chargeable to the General Fund & HRA	Financing & investment income	Adjustment for Capital Purposes	Other Operating Expenditure	Reserves	Taxation & non-specific grant income & expenditure	Net Change for the Pensions Adjustment	Total Adjustments Between Funding & Accounting Basis
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Adult Social Care	-	-	-	-	0.2	-	8.7	**8.9**	-	0.9	-	-	-	(0.7)	**0.2**
City Assets	-	0.3	(11.1)	-	-	1.5	(14.0)	**(23.3)**	-	4.1	11.1	-	-	(0.3)	**14.9**
City Development	-	-	-	-	(0.2)	-	0.8	**0.6**	-	11.0	-	-	-	(0.2)	**10.8**
Children's Services and Education	-	1.7	(21.6)	-	(0.2)	-	15.5	**(4.6)**	-	6.1	21.6	-	-	(6.1)	**21.6**
Commissioning & Transformation	-	-	-	--	(0.1)	-	0.9	**0.7**	-	-	-	-	-	(0.1)	**(0.1)**
Communications & Visitor Experience	-	-	-	-	-	-	1.1	**1.1**	-	3.9	-	-	-	(0.1)	**3.8**
Finance	-	-	-	-	1.4	-	(6.4)	**(5.1)**	-	-	-	-	-	(0.4)	**(0.4)**
Governance	-	-	-	-	-	-	(12.0)	**(12.0)**	-	-	-	-	-	(0.5)	**(0.5)**
Public Health & Wellbeing	-	0.6	-	-	0.1	-	5.8	**6.5**	-	0.6	-	-	-	(0.3)	**0.3**
Strategy	-	-	-	-	-	-	(11.3)	**(11.3)**	-	3.2	-	-	-	(0.3)	**2.9**
Resident Services	-	-	-	-	-	(0.4)	10.0	**9.6**	-	21.8	-	-	-	(1.6)	**20.2**
Corporate Budgets	-	-	(10.9)	21.8	42.0	(16.0)	(8.0)	**29.0**	(1.9)	2.3	(8.4)	(21.9)	(42.9)	(1.2)	**(74.0)**
Corporate Resources	-	-	-	-	303.9	-	-	**303.9**	-	-	-	-	-	-	**-**
Housing Revenue Account	-	0.1	3.9	-	0.5	(11.1)	(0.6)	**(7.2)**	-	6.0	(3.9)	(12.8)	(0.5)	-	**(11.2)**
Net Cost of Services	**-**	**2.7**	**(39.7)**	**21.8**	**347.5**	**(25.9)**	**(9.5)**	**296.9**	**1.9**	**60.0**	**20.4**	**(34.7)**	**(43.4)**	**(11.9)**	**(11.6)**
Other Income and Expenditure	-	-	31.9	-	(344.1)	35.7	-	**(276.5)**	-	-	-	-	-	-	**-**
Surplus or Deficit	**-**	**2.7**	**(7.8)**	**21.8**	**3.4**	**9.8**	**(9.5)**	**(20.5)**	**1.9**	**60.6**	**20.4**	**(34.7)**	**(43.4)**	**(11.9)**	**(11.6)**

2022-2023	Net Change for the Pensions Adjustment	Adjustment for Capital Purposes	Other Operating Expenditure	Reserves	Taxation & non- specific grant income & expenditure	Financing & investment income	Other Differences	Adjustment to arrive at the Net Amount Chargeable to the General Fund & HRA balances	Financing & investment income	Adjustment for Capital Purposes	Other Operating Expenditure	Reserves	Taxation & non-specific grant income & expenditure	Net Change for the Pensions Adjustment	Total Adjustments Between Funding & Accounting Basis
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Adult Social Care	-	-	-	(1.8)	(0.2)	-	7.9	**5.8**	-	(0.6)	-	-	-	(2.6)	**(3.2)**
Children's Services and Education	-	1.9	(4.9)	(0.3)	(0.1)	-	13.5	**10.0**	-	(3.7)	(4.9)	-	-	(17.8)	**(26.4)**
Public Health & Wellbeing	-	0.1	-	0.6	0.1	-	5.0	**5.8**	-	(0.5)	-	-	-	(1.0)	**(1.5)**
Regeneration	-	-	-	0.2	-	-	0.9	**1.0**	-	(4.7)	-	-	-	(0.5)	**(5.2)**
Finance	-	-	-	0.6	(0.4)	-	(6.1)	**(5.9)**	-	-	-	-	-	(1.6)	**(1.6)**
City Assets	-	2.9	(1.1)	-	-	(0.1)	(11.5)	**(9.8)**	-	1.3	(1.1)	-	-	(1.2)	**(1.1)**
Governance	-	-	-	1.4	-	-	(9.5)	**(8.2)**	-	-	-	-	-	(2.0)	**(2.0)**
Strategy	-	-	-	0.3	-	-	(10.7)	**(10.4)**	-	(3.8)	-	-	-	(1.3)	**(5.1)**
Communications & Visitor Experience	-	-	-	0.4	-	-	1.1	**1.5**	-	(4.3)	-	-	-	(0.3)	**(4.6)**
City Housing & Environment	(0.1)	0.2	(0.2)	(1.3)	(0.1)	0.2	8.0	**6.8**	-	(18.4)	(0.2)	-	-	(4.0)	**(22.6)**
Corporate Budgets	(11.1)	-	(10.3)	31.5	45.5	(15.1)	(12.2)	**28.4**	1.8	-	0.3	47.8	45.5	(11.2)	**84.1**
Corporate Resources	-	-	-	15.4	249.3	-	-	**264.7**	-	-	-	-	-	-	**-**
Housing Revenue Account	-	3.2	(8.3)	12.4	0.1	(10.9)	(5.3)	**(8.7)**	-	38.6	2.1	12.4	0.1	-	**53.2**
Commissioning & Transformation	-	-	-	-	-	-	0.3	**0.3**	-	-	-	-	-	(0.1)	**(0.1)**
Net Cost of Services	**(11.2)**	**8.3**	**(24.9)**	**59.1**	**294.3**	**(26.0)**	**(18.5)**	**281.2**	**1.8**	**3.9**	**(3.9)**	**60.1**	**45.7**	**(43.6)**	**63.9**
Other Income and Expenditure	-	-	14.5	-	(320.6)	48.2	-	**(257.9)**	-	-	-	-	-	-	**-**
Surplus or Deficit	**(11.2)**	**8.3**	**(10.4)**	**59.1**	**(26.4)**	**22.2**	**(18.5)**	**23.3**	**1.8**	**3.9**	**(3.9)**	**60.1**	**45.7**	**(43.6)**	**63.9**

Note 1D Expenditure and income analysed by nature

The following table discloses information on the nature of the Council's income and expenditure:

2022-2023 £m		2023-2024 £m
	Expenditure	
267.0	Employee benefits expenses*	278.9
436.8	Other service expenses	501.3
45.2	Depreciation, amortisation, and impairment	47.4
14.6	Loss on disposal of non-current assets	42.4
51.7	Interest payments	38.9
10.6	Levies	10.9
825.9		**919.7**
	Income	
(240.1)	Fees and charges and other service income	(248.7)
(189.0)	Income from council tax and business rates	(198.9)
(425.3)	Government grants and contributions	(440.2)
(10.6)	Gain on disposal of non-current assets	(21.4)
(1.5)	Interest and investment income	(1.9)
(866.5)		**(911.0)**
(40.6)	**(Surplus)/Deficit on Provision of Services**	**8.7**

* Employee benefits expenses include direct and indirect employee costs, including employer pensions costs.

Note 1E Income from contracts with service recipients

Included within the Council's income from fees and charges of £248.7 million are the following amounts derived from contracts with service recipients:

2022-2023 £m	Category of Income	2023-2024 £m
(6.5)	Housing	(6.5)
(2.0)	Car Parks	(2.2)
(95.8)	Rents	(102.9)
(4.8)	Property Income	(5.2)
(1.9)	Cleaning	(1.8)
(22.0)	Care	(25.2)
(2.1)	Catering	(2.4)
(0.7)	Vehicles Hire	(0.9)
(4.1)	Cemeteries & Crematoriums	(3.6)
(0.7)	Leisure	(0.8)
(2.0)	Refuse Collection & Disposal	(1.9)
(0.4)	Transport	(0.5)
(6.4)	Licensing	(6.1)
(31.1)	Other	(33.7)
(180.5)	**Total Income from Contracts with Service Recipients**	**(193.7)**

The Council does not receive any revenue income from service recipients in respect of constructing, manufacturing or developing an asset on behalf of a service recipient. These elements are, therefore, excluded from the detail in this note.

Services above are either fulfilled when the payment is made (e.g. car parks) or are billed in advance (e.g. trade waste). Where this is not the case, income is accrued at year end, so all performance obligations are reflected in the Comprehensive Income and Expenditure Statement.

Note 2 Income and expenditure

2A Acquired and discontinued operations

The Council has not discontinued any operations during the year under review.

2B Trading operations.

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement. Some are an integral part of one of the Council's services to the public, whilst others are support services to the Council's services to the public (e.g., Schools and Welfare Catering). The expenditure of these operations is allocated or recharged to headings within the Net Cost of Services. Expenditure and income attributable to the external element of trading operations are disclosed on the face of the Comprehensive Income and Expenditure Statement.

2022-2023			2023-2024	
Turnover	Deficit/ (Surplus)	Trading Operation	Turnover	Deficit/ (Surplus)
£m	£m		£m	£m
(2.4)	0.3	Markets	(2.5)	0.6
(5.9)	1.3	Cleaning of Buildings	(5.8)	1.0
(3.3)	1.0	Schools and Welfare Catering	(3.5)	0.5
(0.2)	0.2	Civic Centre and Other Catering	(0.3)	0.2
(11.8)	**2.8**	**Total**	**(12.1)**	**2.3**

2C Pooled budgets

The Council takes part in two pooled budget schemes with Black Country Integrated Care Board (ICB). The first scheme relates to the integrated service for Child Placements with External Agencies for children with social care, education, and health needs. The scheme is administered by the Council who incur the expenditure and then receive a contribution from the ICB according to a funding formula. Contributions are summarised in the following table:

2022-2023				2023-2024		
Council Contribution £m	ICB Contribution £m	Total Expenditure £m	Scheme	Council Contribution £m	ICB Contribution £m	Total Expenditure £m
5.2	1.9	7.1	Child Placements with External Agencies	4.7	1.7	6.4

The second scheme relates to a pooled budget arrangement with Black Country Integrated Care Board. This is a section 75 (NHS Act 2006) partnership agreement relating to the commissioning of health and social care services under the Better Care Fund (BCF). The BCF has been established by the government and it is a requirement of the Fund that the ICB and the Council establish a pooled fund for this purpose. The BCF is made up of ICB funding together with local government grants, including the Improved Better Care Fund (IBCF). This was first announced in the 2015 Spending Review and is a direct grant which must be pooled into the local BCF plan. Revenue grants received through the Better Care Fund and Improved Better Care Fund are included within the Council’s CIES.

The Host Partner is the City of Wolverhampton Council. The partners’ contribution to the Fund is outlined below and the share of any over/(under) spend is originally allocated according to the Section 75 agreement:

2022-2023 £m	Better Care Fund	2023-2024 £m
	Expenditure	
56.0	Adult Community Services	64.5
0.1	Dementia	0.1
6.2	Mental Health & CAMHS	7.3
1.8	Other	1.4
64.1	**Total Expenditure**	**73.4**
	Gross Funding	
37.3	Black Country Integrated Care Board	28.7
26.4	City of Wolverhampton Council	45.3
63.7	**Total Funding**	**73.9**

2022-2023 £m	Better Care Fund	2023-2024 £m
0.4	**Net Over Spend**	**(0.6)**
	Allocation of Over/(Under) Spend	
(1.0)	Black Country Integrated Care Board	(0.4)
1.4	City of Wolverhampton Council	(0.2)
0.4	**Total Allocation**	**(0.6)**

2D Councillors' allowances and expenses

The Council paid £1,165,000 in councillors' allowances during 2023-2024 (2022-2023: £1,103,000).

2E Senior officers' remuneration

The following table sets out remuneration disclosures for senior officers (with reference to notes where applicable):

Post Title		Salary, Fees and Allowances £	Contractor Costs £	Expenses Allowances £	Exit Package £	Employers' Pension Contribution £	TOTAL Remuneration £
Chief Executive (Head of Paid Service) [1] Tim Johnson	**2023-2024**	176,149	-	-	-	-	176,149
	2022-2023	170,165	-	-	-	-	170,165
Deputy Chief Executive (Section 151 Officer) [2]	**2023-2024**	153,152	-	-	-	32,968	186,120
	2022-2023	147,982	-	-	-	35,792	183,774
Executive Director of Pensions [3]	**2023-2024**	153,152	-	-	-	35,684	188,836
	2022-2023	146,140	-	-	-	38,230	184,370
Executive Director of Families [4]	**2023-2024**	72,754	-	-	-	16,952	89,706
	2022-2023	132,190	-	-	-	34,581	166,771
Executive Director of Economy [5]	**2023-2024**	15,421	-	-	-	3,511	18,932
	2022-2023	-	-	-	-	-	-
Director of Finance [6]	**2023-2024**	103,749	95,795	-	-	24,174	223,718
	2022-2023	122,269	-	-	-	31,986	154,255
Director of Adults Social Care [7]	**2023-2024**	114,085	-	-	-	26,582	140,667
	2022-2023	105,243	-	-	-	27,531	132,774

Post Title		Salary, Fees and Allowances £	Contractor Costs £	Expenses Allowances £	Exit Package £	Employers' Pension Contribution £	TOTAL Remuneration £
Director of Strategy/Transformation [8]	**2023-2024**	108,688	-	-	-	24,421	133,109
	2022-2023	114,994	-	-	-	28,976	143,970
Director of Public Health	**2023-2024**	126,539	-	-	-	25,961	152,500
	2022-2023	122,269	-	-	-	28,420	150,689
Director of Resident Services	**2023-2024**	115,215	-	-	-	23,585	138,800
	2022-2023	101,827	-	-	-	25,182	127,009
Director of City Development	**2023-2024**	126,539	-	-	-	25,537	152,076
	2022-2023	122,269	-	-	-	29,855	152,124
Director of Children's Services (DCS) [9]	**2023-2024**	59,714	-	-	-	13,913	73,627
	2022-2023	-	-	-	-	-	-
Director of City Economy and Partnerships [10]	**2023-2024**	122,802	-	-	-	28,613	151,415
	2022-2023	114,994	-	-	-	30,083	145,077
Chief Operating Officer (Monitoring Officer) [11]	**2023-2024**	139,504	-	-	-	31,204	170,708
	2022-2023	132,190	-	-	-	33,178	165,368
Deputy Director of Finance (Deputy Section 151 Officer) [12]	**2023-2024**	90,375	-	-	-	13,868	104,243
	2022-2023	83,385	-	-	-	21,814	105,199
Director of Black Country Transport [13]	**2023-2024**	126,539	-	-	-	29,726	156,265
	2022-2023	122,269	-	-	-	32,177	154,446
Deputy Director of Education	**2023-2024**	100,485	-	-	-	23,413	123,898
	2022-2023	93,309	-	-	-	24,409	117,718

Post Title		Salary, Fees and Allowances £	Contractor Costs £	Expenses Allowances £	Exit Package £	Employers' Pension Contribution £	TOTAL Remuneration £
Deputy Director of Assets	**2023-2024** 2022-2023	100,485 92,362	- -	- -	- -	23,649 24,298	124,134 116,660
Deputy Director of People and Change	**2023-2024** 2022-2023	102,130 97,097	- -	- -	- -	23,796 25,401	125,926 122,498
Deputy Director of Housing [14]	**2023-2024** 2022-2023	78,295 45,590	- -	- -	- -	17,692 11,616	95,987 57,206
Deputy Director of Children's Social Care [15]	**2023-2024** 2022-2023	90,331 97,097	- -	- -	- -	21,047 25,401	111,378 122,498
Deputy Director – Families First for Children Pathfinder [16]	**2023-2024** 2022-2023	46,073 -	- -	- -	- -	10,905 -	56,987 -
Deputy Director of Commissioning and Transformation [17]	**2023-2024** 2022-2023	85,465 74,601	- -	- -	- -	19,913 19,516	105,378 94,117
Deputy Director of City Development [18]	**2023-2024** 2022-2023	- -	128,757 -	- -	- -	- -	128,757 -
Deputy Director of Governance (Deputy Monitoring Officer) [19]	**2023-2024** 2022-2023	- -	32,340 -	- -	- -	- -	32,340 -

Post Title		Salary, Fees and Allowances £	Contractor Costs £	Expenses Allowances £	Exit Package £	Employers' Pension Contribution £	TOTAL Remuneration £
Head of Legal Services (Deputy Monitoring Officer) [20]	**2023-2024**	72,959	-	-	-	17,174	90,133
	2022-2023	70,226	-	-	-	18,519	88,745
Locum Solicitor (Deputy Monitoring Officer) [21]	**2023-2024**	-	88,288	-	-	-	88,288
	2022-2023	-	-	-	-	-	-
Assistant Director of Investment Strategy [3 & 22]	**2023-2024**	138,539	-	-	-	-	138,539
	2022-2023	35,915	-	-	-	5,365	41,280
Assistant Director of Pensions [3]	**2023-2024**	102,130	-	-	-	23,796	125,926
	2022-2023	97,097	-	-	-	25,401	122,498
Assistant Director of Investment Management & Stewardship [3]	**2023-2024**	115,215	-	-	-	26,845	142,060
	2022-2023	106,377	-	-	-	27,828	134,205
Head of Finance (WMPF, Deputy Section 151 Officer) [3 & 23]	**2023-2024**	86,293	-	-	-	20,256	106,549
	2022-2023	48,637	89,190	-	-	12,790	150,617

The annual salary reported is reduced due to employee's receiving a monthly deduction for mandatory unpaid leave.
The City of Wolverhampton Council's Mandatory Unpaid Leave (MUL) scheme was introduced on the 1 April 2019. Under the scheme, all employees including senior managers are required to take three days unpaid leave per year (this is pro-rata for part time employees) that fall between Christmas and New Year. Payment for the three days (pro-rata for the part time employees) is deducted monthly from an employee's salary in 12 equal amounts.

Note 1: Between April 2023 and March 2024 pay costs of £7,680, included in the table against the Chief Executive, were funded by West Midlands Pension Fund, and not from the City of Wolverhampton Council General Fund. This is for the Chief

Executive's work in relation to the West Midlands Pension Fund.

Note 2: The post of Deputy Chief Executive assumed the statutory Section 151 Officer responsibility from 6 December 2023 following the resignation of the Director of Finance.

Note 3: The renumeration of these officers is paid in full by the West Midlands Pension Fund.

Note 4: The Executive Director of Families post became vacant on 8 October 2023 and had an annualised salary of £139,499 for 2023-24.

Note 5: The post holder of Executive Director of Economy took up post on 19 February 2024 and had an annual salary of £134,159 for 2023-2024.

Note 6: The Director of Finance post was held by two individuals during 2023-2024. The current post holder was appointed on 28 November 2023 and was held on an interim basis and will assume Deputy Section 151 Officer responsibility. The costs shown are the full fees paid to the interim management agency and not the payment to the post holder. The previous post holder, with an annualised salary of £126,535 for 2023-2024, held the post until 26 January 2024.
Between April 2023 and March 2024 pay costs of £6,640, included in the table against the Director of Finance, were funded by West Midlands Pension Fund, and not from the City of Wolverhampton Council General Fund.

Note 7: The Director of Adults Social Care post was redesignated from the Director of Adults Service post and was held by two individuals during 2023-2024. The current post holder was appointed on 19 February 2024, with an annualised salary of £105,378, and was held on 12-month secondment. The previous post holder, with an annualised salary of £115,212 for 2023-2024, held the post until 18 February 2024.

Note 8: The Director of Transformation post was redesignated from the Director of Strategy post and became vacant on 18 February 2024 and had an annualised salary of £122,798 for 2023-2025. The post remains vacant.

Note 9: The post holder of Director of Children Services (DCS) took up post on 7 September 2023 on a 12-month secondment and had an annual salary of £105,378 for 2023-2024.

Note10: The post of Director of City Economy and Partnerships was redesignated from the Director of Communications and

External Relations during 2023-2024.

Note 11: Between April 2023 and March 2024 pay costs of £7,330, included in the table against the Chief Operating Officer, were funded by West Midlands Pension Fund, and not from the City of Wolverhampton Council General Fund.

Note 12: The post of Chief Accountant, with an annualised salary of £86,290 during 2023-2024, was redesignated to Deputy Director of Finance, with an annualised salary of £92,642 during 2023-2024, on 10 August 2023, retaining the Deputy Section 151 Officer responsibility.

Note 13: The Director of Black Country Transport post holder is required to report directly to the Chief Executive.

Note 14: The post holder of Deputy Director of Housing was contracted to work less than 37 hours a week during 2023-2024 and the figures shown reflect this. The annualised salary for 2023-2024 was £96,561. The post holder of Deputy Director of Housing took up post on 16 August 2022 and had an annual salary of £89,511 for 2022-2023.

Note 15: The Deputy Director of Children's Social Care post was held by two individuals during 2023-2024. The current post holder was appointed on 2 October 2023, with an annualised salary of £92,643, and was held on 12-month secondment. The previous post holder, with an annualised salary of £102,127 for 2023-2024, held the post until 6 September 2023.

Note 16: The post holder of Deputy Director for Families First for Children Pathfinder took up post on 2 October 2023, with an annualised salary of £92,643 for 2023-2024 and will be a fixed term position until March 2025 in line with the external funding received for this programme.

Note 17: The Deputy Director of Commissioning and Transformation post became vacant on 18 February 2024 and had an annualised salary of £96,561 for 2023-2025. The post remains vacant. The post holder of Deputy Director of Commissioning and Transformation took up position 1 June 2022 and had an annual salary of £89,511 for 2022-2023.

Note 18: The post holder of Deputy Director of City Development took up post on 10 July 2023. The costs shown are the full fees paid to the interim management agency and not the payment to the post holder.

Note 19: The Deputy Monitoring Officer role was performed jointly by three individuals during 2023-2024. The post holder of Deputy Director of Governance took up post on 19 February 2024. The costs shown are the full fees paid to the interim management agency and not the payment to the post holder.

Note 20: The Deputy Monitoring Officer role was performed jointly by three individuals during 2023-2024.

Note 21: The Deputy Monitoring Officer role was performed jointly by three individuals during 2023-2024.

Note 22: The Assistant Director of Investment Strategy was held by two individuals during 2022-2023. The current post holder was appointed on 23 February 2023 with an annualised salary of £122,256 for 2022-2023. The previous post holder held the post until 10 June 2022.

Note 23: The Head of Finance (WMPF) post was held by two individuals during 2022-2023. The current post holder, with an annualised salary of £83,372 for 2022-2023, was appointed on 1 September 2022. The previous post holder held the post from 28 February 2022 until 31 August 2022 and was held on an interim basis. The costs shown are the full fees paid to the interim management agency and not the payment to the post holder.

The following table shows the number of other employees, excluding Senior Officers, whose remuneration for the year (excluding employer's pension contributions) exceeded £50,000. During the year, one school had their payroll prepared by external providers and, as this data owned by the respective schools, it is not reported in the following table:

Remuneration Band	2023-2024 Number of Employees Schools	Pension Fund	Rest of Council	Total Number of Employees in Band	Employees Receiving Termination Packages (included in total)
£50,000 - £54,999	93	7	170	270	3
£55,000 - £59,999	32	3	102	137	1
£60,000 - £64,999	24	3	42	69	4
£65,000 - £69,999	25	-	28	53	2
£70,000 - £74,999	5	1	22	28	1
£75,000 - £79,999	9	1	2	12	-
£80,000 - £84,999	9	-	4	13	-
£85,000 - £89,999	6	-	2	8	-
£90,000 - £94,999	6	-	-	6	-
£95,000 - £99,999	-	-	1	1	-
£100,000 - £104,999	1	-	1	2	-
£105,000 - £109,999	-	-	-	-	-
£110,000 - £114,999	-	-	-	-	-
£115,000 - £119,999	-	-	1	1	1
£120,000 - £124,999	1	-	-	1	-
Total	**211**	**15**	**375**	**601**	**12**

2022-2023 Number of Employees					
Remuneration Band	Schools	Pension Fund	Rest of Council	Total Number of Employees in Band	Employees Receiving Termination Packages (included in total)
£50,000 - £54,999	56	10	135	201	1
£55,000 - £59,999	29	2	84	115	2
£60,000 - £64,999	28	-	45	73	1
£65,000 - £69,999	15	-	15	30	2
£70,000 - £74,999	6	1	13	20	2
£75,000 - £79,999	10	1	3	14	-
£80,000 - £84,999	10	-	3	13	-
£85,000 - £89,999	7	-	-	7	-
£90,000 - £94,999	2	-	1	3	-
£95,000 - £99,999	-	-	-	-	-
£100,000 - £104,999	-	-	1	1	-
£105,000 - £109,999	-	-	-	-	-
£110,000 - £114,999	2	-	-	2	1
£115,000 - £119,999	1	-	-	1	-
£120,000 - £124,999	-	-	-	-	-
£125,000 - £129,999	1	-	-	1	1
Total	**167**	**14**	**300**	**481**	**10**

2F Exit packages

The following table provides information about exit packages payable by the Council during the year. This includes both schools and the pension fund.

2022-2023							2023-2024					
Compulsory		Other		Total		Value of Individual Package	Compulsory		Other		Total	
No.	£m	No.	£m	No.	£m		No.	£m	No.	£m	No.	£m
-	-	1	0.2	1	0.2	£200,001 to £250,000	-	-	1	0.2	1	0.2
-	-	1	0.2	1	0.2	£150,001 to £200,000	-	-	2	0.3	2	0.3
-	-	1	0.1	1	0.1	£100,001 to £150,000	2	0.2	1	0.1	3	0.3
-	-	2	0.2	2	0.2	£80,001 to £100,000	-	-	3	0.3	3	0.3
1	0.1	1	0.1	2	0.2	£60,001 to £80,000	1	0.1	3	0.2	4	0.3
-	-	4	0.2	4	0.2	£40,001 to £60,000	2	0.1	3	0.2	5	0.3
-	-	4	0.1	4	0.1	£20,001 to £40,000	4	0.1	8	0.2	12	0.3
2	0.0*	23	0.2	25	0.2	Less than £20,000	8	0.1	17	0.2	25	0.3
3	**0.1**	**37**	**1.3**	**40**	**1.4**	**Total**	**17**	**0.6**	**38**	**1.7**	**55**	**2.3**

* This amount is less than £50,000, and are therefore not captured when rounding to £1 million

2G Amounts payable to the auditors

The following table shows amounts payable to the Council's external auditors during the year:

2022-2023 £m	Description	2023-2024 £m
0.219	External Audit (Council)	0.506
0.038	Certification of Grant Claims and Returns	0.058
	Additional Work:	
0.029	- WV Living Audit Fee	0.032
0.037	- Wolverhampton Homes Audit Fee	0.041
0.323	**Total**	**0.637**

2H Grants

The following table shows the grants and contributions that have been credited to the CIES during the year:

2022-2023 £m		2023-2024 £m
	Credited to Net Cost of Services	
(74.8)	Dedicated Schools Grant - Schools Block	(71.8)
(45.5)	Dedicated Schools Grant - High Needs Block	(48.4)
(33.2)	Mandatory Rent Allowance	(31.5)
(29.7)	Mandatory Rent Rebates Subsidy	(28.6)
(22.8)	Public Health Grant	(23.9)
(18.9)	Dedicated Schools Grant - Early Years Block	(18.5)
(9.2)	LA Private Finance initiative Revenue Schools (PFI)	(9.2)
(9.4)	Pupil Premium	(9.0)

2022-2023 £m		2023-2024 £m
(3.0)	WMCA Adult Education Budget (AEB) Funding	(3.5)
(1.4)	Asylum Seekers	(2.8)
-	Mainstream Schools Additional Grant	(2.4)
(1.7)	Troubled Families Grant	(2.3)
-	Market Sustainability and Improvement Fund - Workforce Fund	(2.1)
(2.0)	Dedicated Schools Grant - Central Services Block	(2.0)
(1.9)	Holiday Activity Fund (HAF)	(1.9)
-	Staying Close Programme	(1.3)
(1.0)	Universal Infant Free School Meals	(1.2)
(1.0)	Flexible Homelessness Support Grant	(1.2)
(1.6)	Housing & Council Tax Benefit Administration	(1.1)
-	Early Years Supplementary Grant (EYSG)	(1.1)
(0.1)	Teachers Pay Grant	(1.1)
(0.6)	Rent Rebates (non HRA Properties)	(1.0)
(0.5)	Family Hubs Transformation Fund Revenue	(1.0)
(0.8)	Leisure PFI	(0.8)
-	Families First for Children Programme - Pathfinder	(0.8)
(1.3)	6th Form Funding	(0.7)
(0.7)	Primary PE and Sport Premium	(0.7)
(0.7)	Adoption Support Fund - RAA	(0.7)
(0.7)	Levy Account Surplus Grant	(0.7)
(0.5)	CMF - Rough Sleeping Initiative	(0.7)
(0.8)	Impact ESF	(0.6)
(0.6)	YOT - Main Grant	(0.6)
(0.5)	Discretionary Rent Allowances	(0.5)
(0.5)	Schools Music Service	(0.5)
(0.5)	Towns Fund Revenue	(0.5)
(0.4)	Domestic Abuse Duty	(0.5)
(0.4)	United Kingdom's Afghanistan Schemes	(0.5)

2022-2023 £m		2023-2024 £m
(0.4)	Strategic Migration Partnership	(0.4)
(0.2)	Black Country Transport WMCA Revenue Grant	(0.4)
-	Commonwealth Games Legacy Fund	(0.3)
(0.3)	Macmillan Welfare Rights Grant	(0.3)
(0.2)	Arts Council	(0.3)
(0.7)	AIM for GOLD	(0.2)
-	LUF Capacity and Capability Grant Payment for 2023-2024	(0.2)
(0.2)	Local Reform & Community Voices	(0.2)
(0.2)	EFA 24+ Loans facility	(0.2)
(0.2)	Staying Put	(0.2)
-	Early Years Teachers Pay Additional Grant (EY TPAG)	(0.1)
-	Early Careers Framework Time Off Support	(0.1)
-	LEVI Capability Fund	(0.1)
-	ESOL Ukraine	(0.1)
-	Rough Sleeping Initiative Move on and Prevention	(0.1)
-	Pupil Premium Plus post 16 (Virtual School Head)	(0.1)
-	Capability and Ambition Fund (CAF1)	(0.1)
(0.4)	Learning Disability and Autism Community Discharge Grant	(0.1)
(0.3)	Syrian Resettlement	(0.1)
(0.3)	Social Workers in Schools Programme	(0.1)
(0.1)	16-18 Bursary Fund	(0.1)
(0.1)	Workforce Reform Grant	(0.1)
-	Housing First Pilot	(0.1)
(2.2)	Schools Supplementary Grant	-
(1.1)	Adult Social Care Discharge Fund	-
(0.9)	HeadStart Wolverhampton	-
(0.9)	Independent Living Fund Grant	-
(0.7)	Adult Education Budget (AEB) Additional Growth Funding	-
(0.7)	Local Authority Capability Funding (LACF)	-

2022-2023 £m		2023-2024 £m
(0.6)	Council Tax Rebate Fund (Discretionary Fund)	-
(0.3)	Teachers' Pension Employer Contributions Grant	-
(0.3)	Further Education	-
(0.2)	Kickstart - Gateway Work Experience	-
(0.2)	One Public Estate	-
(0.1)	CMF - ESOL Pathways	-
	COVID-19 Grants	
(5.7)	COVID-19 Winter Grant	(4.9)
(1.6)	COVID-19 Schools Recovery Premium	(1.3)
(0.9)	COVID-19 Contained Outbreak Management Fund	(0.5)
(0.8)	COVID-19 National Tutoring Programme	(0.2)
(0.2)	COVID-19 Council Tax Hardship Fund	-
(0.1)	COVID-19 Community Champions Fund	-
(0.1)	COVID-19 Mass Testing for Schools	-
(5.9)	Other Grants	(8.3)
(293.8)	**Total Credited to Net Cost of Services**	**(294.9)**
	Credited to Taxation and Non-Specific Grant Income	
	Non-Ring-Fenced Government Grants	
(16.3)	DLUHC - Social Care Grant (Adults and Children's)	(30.0)
(19.5)	Business Rates Autumn Statement Compensation	(27.9)
(27.8)	Local Business Rates Top Up Grant	(25.2)
(14.7)	DLUHC - Improved Better Care Fund	(14.8)
(5.5)	Services Grant	(3.2)
(1.6)	New Homes Bonus (includes adjustment grant)	(0.7)
(0.5)	Lower Tier Services Grant	-
(85.9)	**Total of Non-Ring-Fenced Government Grants**	**(101.8)**

2022-2023 £m		2023-2024 £m
	Capital Grants and Contributions	
(5.7)	Disabled Facilities Grant	(6.6)
(1.6)	Levelling Up Fund - City Learning Quarter	(5.8)
(3.7)	Schools Condition Allocation	(3.1)
(3.1)	S31 Transport Highway Maintenance Fund	(3.1)
(6.2)	Schools Basic Needs Grant	(2.7)
(0.5)	Towns Fund - Capital	(2.1)
-	Social Housing Decency Fund	(2.1)
(1.1)	MRN Corridors 20-21 WMCA	(1.6)
-	LAHF - Local Authority Housing Fund	(1.4)
(9.6)	Future High Streets Fund (FHSF)	(1.3)
(1.3)	S31 Transport Integrated Transport Block	(1.1)
-	Childrens Homes Capital Programme 2022-25	(0.8)
(0.7)	Devolved Formula Funding	(0.7)
-	Bilston HaRP	(0.4)
(1.5)	ERDF AIM for GOLD	(0.3)
-	A461 Dudley Walk, Cycle & Bus Corridor (CRSTS Major Fund)	(0.2)
-	A461 Sandwell Walk, Cycle & Bus Corridor (CRSTS Major Fund)	(0.2)
-	A454 Phase 1&2 - CRSTS Major Fund	(0.1)
(0.5)	Smart Infrastructure (I3) ERDF (Capital)	-
(0.5)	Traffic Signal Maintenance (DfT)	-
(0.5)	Active Travel Tranche 2 (Capital)	-
(0.1)	LPIF i54 Western Extension Plot Development	-
(0.1)	SEND Special Provision Capital Fund	-
(8.9)	Other Grants and Contributions	(9.8)
(45.6)	**Total of Capital Grants and Contributions**	**(43.4)**
(425.3)	**Total Grants Credited to the CIES**	**(440.1)**

2I Dedicated Schools Grant (DSG)

The Council's expenditure on schools is funded primarily by the Dedicated Schools Grant (DSG) provided by the Department for Education. The DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools' Budget, as defined in the Schools and Early Years Finance (England) Regulations 2015. The Schools' Budget includes elements for a restricted range of educational services provided on a council-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school. Over and underspends on the two elements are required to be accounted for separately. The following table shows how the council applied its DSG:

2022-2023				2023-2024		
Central Expenditure	Individual Schools Budget	Total		Central Expenditure	Individual Schools Budget	Total
£m	£m	£m		£m	£m	£m
(17.7)	(292.0)	(309.7)	Final DSG for the year before academy recoupment	(19.2)	(314.2)	(333.4)
-	169.5	169.5	Academy figure recouped	-	191.8	191.8
(17.7)	**(122.5)**	**(140.2)**	**Total DSG after academy recoupment for the year**	**(19.2)**	**(122.4)**	**(141.6)**
(0.7)	(1.8)	(2.5)	Brought forward from previous year	(0.7)	(1.4)	(2.1)
			Carry-forward to following year agreed in advance	-	-	-
(18.4)	**(124.3)**	**(142.7)**	**Agreed initial budgeted distribution in the year**	**(19.9)**	**(123.8)**	**(143.7)**
	(0.3)	(0.3)	In year Adjustments		0.1	0.1
(18.4)	**(124.6)**	**(143.0)**	**Final budgeted distribution for the year**	**(19.9)**	**(123.7)**	**(143.6)**
17.7	-	17.7	Less actual central expenditure	19.9	-	19.9
-	123.2	123.2	Less actual ISB deployed to schools	-	120.5	120.5
(0.7)	**(1.4)**	**(2.1)**	**(Under) Overspend carried forward to following year**	**-**	**(3.1)**	**(3.1)**

Note 2J Exceptional items

None

Note 2K Events after the reporting period.

There have been no significant events occurring between the Balance Sheet date 31st March 2024 and the approval of the accounts that require adjustment or additional disclosures.

Note 3 Other operating expenditure

2022-2023				2023-2024		
Expenditure £m	Income £m	Net Expenditure £m		Expenditure £m	Income £m	Net Expenditure £m
10.6	-	10.6	Levies	10.9	-	10.9
-	-	-	Payments to the Housing Capital Receipts Pool	-	-	-
14.6	(10.6)	3.9	Losses/(gains) on the Disposal of Non-Current Assets	42.4	(21.4)	21.0
25.2	**(10.6)**	**14.5**		**53.3**	**(21.4)**	**31.8**

Note 4 Financing and investment income and expenditure

2022-2023 Gross Expenditure £m	2022-2023 Gross Income £m	2022-2023 Net Expenditure £m		2023-2024 Gross Expenditure £m	2023-2024 Gross Income £m	2023-2024 Net Expenditure £m
0.6	-	0.6	External Trading Organisations	3.1	2.4	0.7
35.7	-	35.7	Interest Payable	35.7	-	35.7
16.0	-	16.0	Net Interest Expense-Pensions	3.2	-	3.2
-	(1.5)	(1.5)	Interest Receivable	-	(1.9)	(1.9)
-	(2.6)	(2.6)	Income and Expenditure in Relation to Investment properties and Changes in their Fair Value	-	(0.3)	(0.3)
-	-	-	Other Investment Income	-	-	-
52.3	**(4.1)**	**48.2**		**41.7**	**(4.3)**	**37.4**

Note 5 Taxation and non-specific grant income and expenditure

2022-2023 Gross Expenditure £m	2022-2023 Gross Income £m	2022-2023 Net Expenditure £m		2023-2024 Gross Expenditure £m	2023-2024 Gross Income £m	2023-2024 Net Expenditure £m
-	(64.8)	(64.8)	Business Rates	-	(75.0)	(75.0)
-	(124.2)	(124.2)	Council Tax	-	(123.9)	(123.9)
-	(86.0)	(86.0)	Non-Ring-Fenced Revenue Grants Receivable	-	(101.8)	(101.8)
-	(45.7)	(45.7)	Capital Grants Receivable	-	(43.4)	(43.4)
-	**(320.6)**	**(320.6)**	**Total**	**-**	**(344.1)**	**(344.1)**

Note 6 Current receivables and payables

The following tables show amounts owed to the Council (receivables), and amounts owed by the Council (payables) at the end of the year, split by type of organisation:

6A Current receivables (short-term debtors)

31 March 2023 Council £m	31 March 2023 Group £m	Type of Organisation	31 March 2024 Council £m	31 March 2024 Group £m
19.2	*19.3*	Central Government Bodies	27.9	*28.4*
6.1	*6.1*	Other Local Authorities	7.2	*7.2*
7.2	*7.2*	NHS Bodies	5.7	*5.7*
53.4	*50.9*	Bodies External to General Government	56.4	*54.5*
85.9	***83.5***	**Total**	**97.2**	***95.8***

6B Current receivables for local taxation

The past due but not impaired amount for local taxation (council tax and business rates) can be analysed by age as follows:

Council tax

31 March 2023 Council £m		31 March 2024 Council £m
4.6	Less than one year	4.6
2.4	1-2 years	2.4
-	2-6 years	-
-	More than 6 years	-
7.0	**Total**	**7.0**

Business rates

31 March 2023 Council £m		31 March 2024 Council £m
(0.8)	Less than one year	(0.7)
-	1-2 years	-
-	2-6 years	-
-	More than 6 years	-
(0.8)	**Total**	**(0.7)**

6C Current payables (short-term creditors)

31 March 2023 Council £m	31 March 2023 Group £m	Type of Organisation	31 March 2024 Council £m	31 March 2024 Group £m
(6.7)	*(8.9)*	Central Government Bodies	(7.2)	*(9.2)*
(1.9)	*(1.9)*	Other Local Authorities	(2.2)	*(2.2)*
(2.5)	*(2.5)*	NHS Bodies	(3.3)	*(3.3)*
(60.4)	*(60.1)*	Bodies External to General Government	(63.4)	*(68.1)*
(71.5)	***(73.4)***	**Total**	**(76.1)**	***(82.8)***

6D Inventories

	Council		Group	
	Consumable Stores		Property Constructed for Sale and Consumable Stores	
	2023-2024	2022-2023	2023-2024	2022-2023
	£m	£m	£m	£m
Balance outstanding at start of year	0.6	0.5	*8.6*	*5.5*
Purchases	1.4	1.6	*13.9*	*8.5*
Recognised as an expense in the year	(1.3)	(1.5)	*(11.2)*	*(5.4)*
Transferred to investment property	-	-	-	-
Balance outstanding at year end	**0.6**	**0.6**	***11.4***	***8.6***

Note 7 Provisions, contingent liabilities and guarantees.

7A Provisions

Balance at 31 March 2023 £m	Provision Name	Provision Details	Amounts Used in £m	Contributions to/from Provision 2023-2024 £m	Balance at 31 March 2024 £m
(2.3)	Insurance	The Council self-insures risks to property and assets up to a total aggregate limit of £1.0 million and its liability exposures up to a limit of £250,000 on any one occurrence above which limits the external insurance cover operates. The insurance provision of £2.3 million is in respect of the outstanding claims under the self-insurance programme covering the current and past years.	-	-	(2.3)
(0.2)	Termination Benefits	During 2023-2024, the Council continued to accept applications for voluntary redundancy. As a result of this initiative, there were a number of employees and former employees to whom termination benefits were due, but had not yet been made, at the end of the year.	0.2	(0.6)	(0.7)
(8.8)	Outstanding NNDR Appeals	The Collection Fund account requires a provision for appeals against the rateable valuation set by the Valuation Office Agency (VOA) not settled as at 31 March 2024.	4.5	(3.7)	(8.0)
(0.1)	Other	These are small amounts relating to ex-members of the pension fund and refunds of aftercare payments made by residents subsequently falling within Section 117 of the Mental Health Act 1983 and from whom charges are not due.	-	-	(0.1)

Balance at 31 March 2023 £m	Provision Name	Provision Details	Amounts Used in £m	Contributions to/from Provision 2023-2024 £m	Balance at 31 March 2024 £m
(1.4)	BCLEP EZ provision for Wolverhampton (North)	Provision for the retention and distribution of the uplift in business rates for City of Wolverhampton Enterprise Zone sites in the Black country area.	1.4	(2.2)	(2.2)
(12.8)		**Total**	**6.1**	**(6.5)**	**(13.2)**

7B Contingent liabilities

At 31 March 2024, the Council had the following contingent liabilities:

- There are several instances where the Council has acquired title to assets of land and buildings due to the use of compulsory purchase orders or an interest in land and buildings subject to blight notices. In these situations, there has been no transfer of economic benefits due to difficulties in either establishing the original owner or in reaching an agreement to the level of compensation to be transferred. The existence of a recognisable liability can only be confirmed at the point that the owner comes forward to claim reimbursement or the formal acknowledgment of blight has been established. The total value of these cases as at 31 March 2023 is estimated at £661,000 (31 March 2023: £708,000).
- During 2023-2024, the Council continued to accept applications for voluntary redundancy. There were a number of applications for voluntary redundancy that were approved prior to the balance sheet date for payment during 2023-2024 for which a provision of £643,000 (31 March 2022: £156,000) has been raised. There are, however, a number of applications for voluntary redundancy in progress which had not received sufficient approvals as at the Balance Sheet date to make it reasonably certain that a redundancy would ultimately result. It is not possible to place a reliable estimate on the number of such applications that will ultimately result in redundancy, and therefore the value of any resulting liability.
- The Council was previously insured by Municipal Mutual Insurance (MMI). MMI is subject to a contingent Scheme of Arrangement, the terms of which were triggered in November 2012. As a result, there is the possibility that the Council may be

subject to clawback of both previous and future paid claims linked to the Council and a proportional amount on claims made linked to the West Midlands County Councils.

7C Contingent assets

None

7D Guarantees

The Council has provided guarantees to eighteen organisations at the point they were admitted to West Midlands Pension Fund, to fund any potential pension liability. Of the existing ones, as at the last triennial valuation (31 March 2022), none of these organisations had a pension liability in excess of £100,000 (which the Council considers to be material for these purposes), There was one new organisation for 2023-2024 which was fully funded upon commencement.

The Council has applied the liability adequacy test to determine whether recognition is appropriate. The Council has considered various factors in determining the probability of the guarantees being called, including risk of failure of the business as informed by Creditsafe Business Failure Scores and membership profile. As a result, the Council is satisfied that the guarantees do not represent a significant potential liability for the Council and therefore there is no recognition in the Comprehensive Income and Expenditure Statement.

During 2018-2019 the Council provided a guarantee in respect to Walsall Metropolitan Borough Council for the University of Wolverhampton. The guarantee relates to grant funding through the Black Country Local Enterprise Partnerships (LEP) – Growth Deal totalling £7.6 million. The Council has considered the probability of the guarantee being called and the likely amount payable under the guarantee. The probability of the guarantee being called is not considered to be significant and as a result the fair value is not considered material. Therefore, the guarantee is not recognised in the Comprehensive Income and Expenditure Statement.

7E Financial guarantee contract

None

Note 8 Non-current assets

Non-current assets 2023-2024	Council Dwellings £m	Other Land and Buildings £m	Vehicles, Plant, Furniture and Equipment £m	Community Assets £m	Surplus Assets £m	Assets Under Construction £m	Property Plant and Equipment Subtotal £m	Investment Properties £m	Intangible Assets £m	Heritage Assets £m	Assets Held for Sale £m	Total £m
At 31 March 2023	**953.4**	**573.4**	**59.6**	**14.2**	**30.6**	**14.7**	**1,645.9**	**27.1**	**18.0**	**14.3**	**5.4**	**1,710.7**
Additions	115.0	16.6	9.0	0.2	0.4	6.8	**148.0**	0.5	0.6	-	-	**149.1**
Disposals	(9.9)	(26.9)	(25.8)	-	(6.1)	-	**(68.7)**	-	(14.2)	-	-	**(82.9)**
Revaluations / Fair Value Gains/(Losses)												
- Recognised in revaluation reserve	(4.4)	3.1	-	-	(1.4)	-	**(2.7)**	-	-	1.7	(0.1)	**(1.1)**
- Recognised in surplus/(deficit) on provision of services	(30.3)	(7.6)	-	-	(2.5)	-	**(40.4)**	0.3	-	-	-	**(40.1)**
Impairments	-	-	-	-	-	-	**-**	-	-	-	-	**-**
Other Changes - Gross Value	15.9	(6.0)	-	-	0.2	(10.7)	**(0.6)**	-	-	-	0.7	**0.1**
Gross Value as at 31 March 2024	**1,039.7**	**552.6**	**42.8**	**14.4**	**21.2**	**10.8**	**1681.5**	**27.9**	**4.4**	**16.0**	**6.0**	**1,735.8**
Accumulated Depreciation/ Impairment												
At 31 March 2023	-	1.4	39.4	0.8	0.3	-	**41.9**	-	16.7	-	-	**58.6**
Disposals	(0.2)	(0.3)	(25.8)	-	-	-	**(26.3)**	-	(14.2)	-	-	**(40.5)**
Depreciation/amortisation	22.1	9.0	5.5	-	0.3	-	**36.9**	-	0.6	-	-	**37.5**
Depreciation writeback on revaluation												
- Recognised in the Revaluation Reserve	-	(5.6)	-	-	-	-	**(5.6)**	-	-	-	-	**(5.6)**
- Recognised in the Surplus/Deficit on the Provision of Services	(21.9)	(2.4)	-	-	(0.2)	-	**(24.5)**	-	-	-	-	**(24.5)**
Other Changes	-	(0.4)		-	0.3	-	**(0.1)**	-	-	-	-	**(0.1)**
Accumulated Depreciation/Impairment at 31 March 2024	0.0	1.7	19.1	0.8	0.7	-	**22.3**	-	3.1	-	-	**25.4**
Net Book Value As at 31 March 2024	**1,039.7**	**550.9**	**23.7**	**13.6**	**20.5**	**10.8**	**1,659.2**	**27.9**	**1.3**	**16.0**	**6.0**	**1,710.4**
Net Book Value As at 31 March 2023	**953.3**	**571.9**	**20.2**	**13.4**	**30.5**	**14.7**	**1604.0**	**27.1**	**1.2**	**14.3**	**5.4**	**1,652.0**

Non-current assets 2022-2023	Council Dwellings £m	Other Land and Buildings £m	Vehicles Plant, Furniture and Equipment £m	Community Assets £m	Surplus Assets £m	Assets Under Construction £m	Property Plant and Equipment Subtotal £m	Investment Properties £m	Intangible Assets £m	Heritage Assets £m	Assets Held for Sale £m	Total £m
At 31 March 2022	**885.8**	**512.0**	**67.1**	**13.5**	**23.9**	**26.2**	**1,528.5**	**24.3**	**17.6**	**14.3**	**5.2**	**1,589.9**
Additions	61.5	12.4	7.4	0.5	0.9	24.1	**106.8**	0.1	0.4	-	-	**107.3**
Disposals	(8.3)	(6.3)	(14.9)	-	-	-	**(29.5)**	-	-	-	-	**(29.5)**
Revaluations / Fair Value Gains/(Losses)	-	-	-	-	-	-	**-**	-	-	-	-	**-**
- Recognised in revaluation reserve	(0.2)	27.7	-	-	0.1	-	**27.6**		-	-	0.1	**27.7**
- Recognised in surplus/(deficit) on provision of services	14.5	(2.2)	-	-	0.7	-	**13.0**	2.6	-	-	0.1	**15.7**
Impairments	-	-	-	-	-	-	**-**	-	-	-	-	**-**
Other Changes - Gross Value	-	29.9	-	0.2	5.1	(35.6)	**(0.3)**	0.1	-	-	-	**(0.2)**
Gross Value as at 31 March 2023	**953.3**	**573.5**	**59.6**	**14.2**	**30.7**	**14.7**	**1,646.0**	**27.1**	**18.0**	**14.3**	**5.4**	**1,710.8**
Accumulated Depreciation/ Impairment												
At 31 March 2022	-	1.1	49.3	0.8	0.2	-	**51.4**	-	15.3	-	-	**66.7**
Disposals	-	-	(14.9)	-	-	-	**(14.9)**	-	-	-	-	**(14.9)**
Depreciation/amortisation	20.8	8.4	5.0	-	-	0.4	**34.5**	-	1.5	-	-	**36.0**
Depreciation writeback on revaluation	-	-	-	-	-	-	**-**	-	-	-	-	**-**
- Recognised in the Revaluation Reserve	-	(6.1)	-	-	-	-	**(6.1)**	-	-	-	-	**(6.1)**
- Recognised in the Surplus/Deficit on the Provision of Services	(20.8)	(1.7)	-	-	(0.1)	(0.4)	**(23.0)**	-	-	-	-	**(23.0)**
Other Changes	-	(0.1)	-	-	0.1	-	**-**	-	-	-	-	**-**
Accumulated Depreciation/Impairment at 31 March 2023	**-**	**1.6**	**39.4**	**0.8**	**0.2**	**-**	**42.0**	**-**	**16.8**	**-**	**-**	**58.8**
							-					**-**
Net Book Value As at 31 March 2023	**953.3**	**571.9**	**20.2**	**13.4**	**30.5**	**14.7**	**1,604.0**	**27.1**	**1.2**	**14.3**	**5.4**	**1,652.0**
							-					**-**
Net Book Value As at 31 March 2022	**885.8**	**510.9**	**17.8**	**12.7**	**23.7**	**26.2**	**1,477.1**	**24.3**	**2.3**	**14.3**	**5.2**	**1,523.2**

Infrastructure

Movement on Balances	2023-2024 £m	2022-2023 £m
Net Book Value As at 1st April	**145.8**	**137.6**
Additions	9.2	17.1
Other changes – Gross Value	-	0.2
Depreciation	(9.8)	(9.1)
Net Book Value As at 31 March	**145.2**	**146.0**

Property, Plant & Equipment (PPE)	2023-2024 £m	2022-2023 £m
Infrastructure Assets	145.2	146.0
Other PPE Assets	1,710.4	1,606.8
Total PPE Assets	**1,855.6**	**1,752.8**

In accordance with the Temporary Relief, offered by the update to the Code on infrastructure assets, this note does not include a disclosure of gross costs and accumulated depreciation for infrastructure assets. This is because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position, as rather than manually derecognizing infrastructure components as they are replaced, we assume (as per adoption of the Statutory Instrument issued by DLUHC in December 2022) that the assets being replaced have a gross book value of nil. We are assured that this is the case because we have reviewed the useful lives used and believe that overall assets are being replaced in line with the useful lives proposed in the accounting policy.

Asset disposals

The total net book value of assets disposed of in year was £42.4 million (2022-2023: £14.6 million) includes £25.8 million (2022-2023: £6.1 million) in respect of assets derecognised in respect of schools that have converted to academies for which no consideration was received.

Depreciation/amortisation

Property, plant, and equipment assets are depreciated on a straight-line basis over the estimated useful economic life of the asset. Council dwellings are depreciated according to the useful economic life of their major components. Intangible assets are amortised on the straight-line basis over the estimated useful economic life of the asset. No depreciation is charged on Investment properties, Heritage assets or land. The following asset lives are used to determine the depreciation charge:

Council dwellings	Up to 43 years
Infrastructure assets	1-50 years
Surplus assets	1-50 years
Other buildings	1-56 years
Plant and equipment	1-28 years
Vehicles	1-10 years
Intangible assets	1-5 years

Revaluations

The Council has all Property, plant and equipment assets required to be valued at current value and with a current net book value in excess of £1.0 million valued annually and carries out a rolling programme that ensures the remainder are revalued at least every five years. The Council seeks assurance for the assets not valued that there is no material change to their value. These valuations are accurate as of 31 March 2024. The valuations were carried out by external valuers. The housing stock valuation was carried out by the Jones Lang Lasalle while the other valuations were carried out by Wilkes Head and Eve, registered Royal Institute of Chartered Surveyors (RICS) valuers, using the guidance and methodology set out in the following paragraphs.

The external valuers have based the school valuations on the Modern Equivalent Asset (MEA) basis. This is a method of valuation which provides the current cost of replacing an asset with its modern equivalent asset.

In 2023-2024, a full desktop review was completed for the council dwellings via a beacon valuation approach. This was completed by Jones Lang LaSalle (JLL).

In addition, an impairment review is carried out by the council's external valuers Wilkes Head and Eve of the remaining assets not revalued in 2023-2024 to test for any material movement in market value.

The following table shows the gross book value of assets that have been revalued in the financial years 2019-2020 to 2023-2024:

	Council dwellings £m	Other land and buildings £m	Vehicles, plant, furniture, and equipment £m	Asset Community £m	Surplus Assets £m	Assets under construction £m	Property Plant and Equipment Subtotal £m	Investment properties £m	Intangible assets £m	Heritage assets £m	Assets held for sale £m	Total £m
Carried at Historical Costs	**-**	**-**	**42.8**	**14.4**	**-**	**10.8**	**68.0**	**-**	**4.4**	**16.0**	**-**	**88.3**
Valued at fair or current value at:												
31 March 2020	-	2.6	-	**-**	0.7	-	**3.3**	-	-	-	-	**3.3**
31 March 2021	-	7.8	-	**-**	-	-	**7.8**	-	-	-	-	**7.8**
31 March 2022	-	16.4	-	**-**	0.3	-	**16.7**	-	-	-	-	**16.7**
31 March 2023	-	13.8	-	**-**	0.7	-	**14.6**	-	-	-	-	**14.6**
Valued at 31 March 2024	1,039.7	511.9	-	**-**	19.4	-	**1,571.0**	27.9	-	-	6.2	**1,605.1**
Total Cost or Valuation	**1,039.7**	**552.5**	**42.8**	**14.4**	**21.2**	**10.8**	**1,681.4**	**27.9**	**4.4**	**16.0**	**6.2**	**1,735.8**

Heritage Assets

Carrying value of heritage assets held by the Council.

The Council currently holds £16.0 million of heritage assets on its balance sheet. These assets include art collections £15.5 million, civic regalia £0.5 million.

Art Collections

The Council's art collections are reported in the balance sheet at the insurance valuations based on market values. Valuations are based on research of the art market which establishes the recent sale prices at auction or from galleries similar works.

The most significant valuations include Roy Lichtenstein's 'Purist Painting with Bottles' and Sir Alfred Munnings 'The Ford'.

The City Council Art Gallery collection represents over 300 years of art and decorative art, including high value works by Alfred Munnings, Edward Landseer, and JMW Turner. Collections of particular significance are our Pop Art collection, which includes works by key figures such as Roy Lichtenstein, Andy Warhol, Pauline Boty and Patrick Caulfield; our collection of Georgian paintings, including an oil painting by Thomas Gainsborough; our collection of works by the Black British artists, which includes 'Spirit of the Carnival' by Tam Joseph and works by Yinka Shonibare. We also hold a notable collection of decorative art objects, including a rare Momoyama Namban inlaid lacquer table.

Heritage assets not on the balance sheet

The City Council's Museum collection includes a collection of dolls and toys, baskets, ceramics, social history items, fossils, enamels and other items relating to the local metal industries. The Council believes the cost of obtaining valuations for these items doesn't justify their inclusion on the balance sheet.

Civic Regalia

The City Council holds the mayoral insignia for the Mayor, Mayoress and Deputy Mayor of the City of Wolverhampton Council. The City Council also holds the mayoral insignia for Bilston, the former borough council that was amalgamated into Wolverhampton as a result of government reorganisation.

Legislation and guidance

Valuations are carried out as required by Sections 41 to 42 of The Local Government Housing Act 1989 and in accordance with CIPFA/IFRS guidance and the Royal Institute of Chartered Surveyors (RICS) Valuation Standards (Red Book). The valuations are subject to any limitations, caveats and assumptions as agreed between the Section 151 Officer and the Head of Assets.

Basis of valuation

In accordance with the CIPFA Code of Practice on Local Authority Accounting 2022-2023, infrastructure, Community assets, and Assets under construction are valued at depreciated historical cost. All other classes of asset are measured at current value. For Vehicles, plant, furniture, and equipment current value is determined by depreciated historical cost due to the short useful life of these assets. The current value of Council dwellings is measured using existing use value (social housing). For all other asset classes, where there is no market-based evidence of current value, the council estimates current value using the depreciated replacement cost approach. The following table describes the measurement basis used to determine the gross carrying value of each of the council's classes of non-current assets.

Asset Class	Measurement Base
Council dwellings	Current value based on existing use value (social housing) (EUV-SH).
Other land and buildings	Current value based on existing use value (EUV) or depreciated replacement cost (DRC) using the "instant build" approach if EUV cannot be determined.
Vehicles, plant, furniture, and equipment	Current value based on depreciated historical cost due to the short useful life of the asset.
Infrastructure assets	Depreciated historical cost.
Community assets	Depreciated historical cost and valuation.
Surplus assets	Fair value estimated at highest and best use from a market participant's perspective using level 2 inputs.
Assets under construction	Depreciated historical cost.
Assets held for sale	Valued at the lower of their carrying amount and the fair value as appropriate to the measurement requirements of the code.

Asset Class	Measurement Base
Investment properties	Initially measured at cost (defined as the purchase price plus any directly attributable cost of preparing the asset for its intended use) and subsequently measured at fair value. Fair values have been determined by multiplying estimated net income by an appropriate investment yield or by reference to the value of similar assets. All Investment properties have been valued using level 2 inputs.
Intangible assets	Amortised cost.
Heritage assets	Where the council has information on the cost or value of the asset, the asset is recognised at this amount.

Inspection

A valuation exercise is carried out using information from the land registry. It is assumed that any building is constructed in accordance with Building Regulations and does not contain any deleterious or hazardous substances. Detailed building surveys are not requisitioned unless there are obvious areas of concern which are likely to affect the valuation.

Key assumptions

- Planning - Planning consideration is, in the first instance, by reference to the Local Development Framework to ensure the use of the property to be valued is in accordance with the council's stated policies.
- Ground Conditions - no reference is made to ground conditions unless it is evident upon inspection that a particular property has been affected by exceptional external influences greater than would be anticipated for its locality.
- Contamination - no reference is made to contamination unless, upon inspection, it is evident that a particular property has been affected by external influences greater than would be anticipated for its locality.

Capital commitments

At 31 March 2024, the Council had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2023-2024 and future years with an estimated total value of £82.6 million (31 March 2023: £49.0 million). The major commitments are: City Learning Quarter (£36.9 million), Heath Town Regeneration (£30.1 million), High Rise Works M&E Infrastructure

Refurbishment (£5.5 million), Remedial Works to Non-Traditional Properties (£3.9 million) and Development Agreement with WV Living for Affordable Housing (£2.6 million).

Investment properties

During the year, the Council had £2.0 million of income receivable from Investment properties (20221-20223: £21.80 million) and spent £0.3 million on managing and maintaining those properties (20212-20223: £0.53 million). There are no restrictions on the Council's ability to realise the value of its investment property, the remittance of income or the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property, or for it to carry out repairs, maintenance, or enhancements.

Impairment

Impairments to non-current assets totalling £0 were recognised in year.

Capital financing requirement

The Council's capital financing requirement, which represents the underlying need to borrow to pay for past capital expenditure, was £1,026.7 million at 31 March 2024 (31 March 2023: £9469.65 million).

The total amount of capital expenditure incurred in the year is shown in the following table (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

2022-2023 £m		2023-2024 £m
954.5	**Opening Capital Financing Requirement**	**969.6**
	Capital Investment	
123.7	Property, plant, and equipment	157.3
0.1	Investment properties	0.5
0.4	Intangible assets	0.5
16.2	Revenue Expenditure Funded from Capital under Statute	24.4
-	Acquisition of WV Living Shares	-
-	WV Living Loans	2.0
	Sources of Finance	
(18.2)	Capital Receipts	(19.4)
(46.1)	Government Grants and other Contributions	(43.4)
	Sums Set Aside from Revenue:	
(26.0)	Direct Revenue Contributions	(27.0)
(35.0)	MRP/Loans Fund Principal	(37.8)
969.6	**Closing Capital Financing Requirement**	**1026.7**
	Explanation of Movements in Year	
14.7	Increase in underlying need to borrow (unsupported by government financial assistance)	56.8
-	Assets acquired under finance leases	-
0.4	Assets acquired under PFI contracts	0.3
15.1	**Increase/(decrease) in Capital Financing Requirement**	**57.1**

Note 9 Employee pensions

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 make the payments, which needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in three post-employment schemes and provides a further local discretionary scheme:

- The Local Government Pension Scheme is administered locally by the West Midlands Pension Fund. From 1 April 2014 the LGPS moved from a defined benefit final salary scheme to a Career Average Revalued Earnings (CARE) scheme. The Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets. The benefits a member builds up from 1 April 2014 will be based on the CARE scheme calculation; the benefits built up to 31 March 2014 will be protected under the Final Salary calculation.

- Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Teachers' Pension Agency (TPA). It provides teachers with defined benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. During the year, the Council contributed £9.1 million which was a contribution rate of 23.68% from April 2023 to March 2024 (2022-2023: £9.6 million; 23.68%).

- There are currently three employees who are members of the NHS pension scheme. These employees moved across from the NHS, when certain public health services were transferred to the Council. During the year, the Council contributed £35,339 which was a contribution rate of 14.38% (2022-2023: £30,364; 14.38%).

- In addition, the Council is responsible for all non-funded pension payments relating to added years' enhancements it has awarded outside the terms of the teachers' scheme together with related increases.

Both the Teachers' and NHS pension schemes are unfunded, and it is not possible to identify the Council's share of the liabilities. As a result, these schemes are accounted for as defined contribution schemes.

From April 2014, pensions are worked out in a different way as the scheme became a career average scheme. Benefits built up from April 2014 are worked out using actual pay each scheme year rather than final salary when an employee leaves. Protections are in place for all the benefits built up in the final salary scheme.

Transactions relating to post-employment benefits

The Council recognises the cost of retirement benefits in the 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 in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement during the year:

2022-2023				2023-2024		
Council		Subsidiary		Council		Subsidiary
LGPS £m	Teachers £m	£m		LGPS £m	Teachers £m	£m
			COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT			
			Cost of Services:			
(61.1)	-	(9.7)	- Current Service Cost	(28.7)	-	(4.6)
-	-	-	- Past Service Costs	-	-	-
2.5	-	-	- Settlements and Curtailments	1.8	-	-
(0.7)	-	(0.1)	- Administration Expenses	(0.7)	-	(0.1)
			Financing and Investment Income and Expenditure:			
(14.7)	(1.2)	(1.3)	- Net Interest Cost	(1.1)	(2.0)	1.8
(74.0)	**(1.2)**	**(11.1)**	**Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services**	**(28.7)**	**(2.0)**	**(3.0)**
			Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:			

2022-2023				2023-2024		
Council		Subsidiary		Council		Subsidiary
LGPS	Teachers			LGPS	Teachers	
£m	£m	£m		£m	£m	£m
550.3	0.3	90.8	- Remeasurements (Liabilities and Assets)	83.0	(0.5)	13.8
-	-	-	- Changes due to applying the asset celling *	(72.8)	-	-
476.3	**(0.9)**	**79.7**	**Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement**	**(18.5)**	**(2.5)**	**10.8**
			MOVEMENT IN RESERVES STATEMENT			
(74.0)	(1.2)	-	- Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(28.7)	(2.0)	-
-	-	-	Actual amount charged against the General Fund balance for pensions in the year:			
26.8		3.9	- Employer's contributions payable to scheme	36.0	-	3.1
-	3.9	-	- Retirement benefits payable to pensioners	-	4.1	-
(47.2)	**2.7**	**3.9**	**Total Movement in Reserves**	**7.3**	**2.1**	**3.1**

* The Council’s funded obligations moved into a net asset position at the end of 2023-2024. In line with International Financial Reporting Interpretations Committee guidance (IFRIC 14), as asset celling calculation has been applied which has reduced the net funded pension liability to nil.

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

		2023-2024 £m
Present value of funded obligations		(1,392.2)
Present valued of unfunded obligations*		(54.9)
Fair value of assets		1,465.0
Adjustment to meet the requirements of IFRIC 14**		(72.8)
Net Pension Liability		**(54.9)**

*The unfunded obligations comprise of £14.3 million in respect of LGPS unfunded pensions and £43.1 million in respect of Teachers' unfunded pensions.

**The Council's funded obligations moved into a net asset position at the end of 2023-2024. In line with IFRIC14, as asset celling calculation has been applied which has reduced the net funded pension liability to nil.

Analysis of group Net Pension Asset

The table below, shows the impact on the balance sheet 31 March 2024

		31 March 2023					31 March 2024	
Liability £m	Asset £m	Adjustment for Pension Celling £m	Net Pension Liability £m		Liability £m	Asset £m	Adjustment for Pension Celling £m	Net Pension Liability £m
(1,448.3)	1,374.6	-	(73.7)	City of Wolverhampton City Council	(1,446.9)	1,465.0	(72.8)	(54.7)
(174.5)	*212.6*	*(38.1)*	*0.0*	*Wolverhampton Homes*	*(176.5)*	*228.5*	*(52.0)*	-
(0.1)	*0.2*	*(0.1)*	-	*WV Living*	*(0.2)*	*0.3*	*(0.1)*	-
(1,622.9)	**1,587.4**	**(38.2)**	**(73.7)**	**Net Liabilities/ Assets**	**(1,623.4)**	**1,693.5**	**(124.9)**	**(54.7)**

Assets and liabilities in relation to post-employment benefits

The following tables show how the present values of the scheme assets and liabilities have changed over the course of the year:

2022-2023		Assets	2023-2024	
Council £m	Subsidiary £m		Council £m	Subsidiary £m
1,413.5	**213.0**	**Opening balance at 1 April**	**1374.6**	**212.8**
37.9	5.8	Interest oncome	64.9	10.1
(61.4)	(7.3)	Remeasurement gain/(loss)	41.4	6.5
25.5	3.9	Employer contributions	34.7	3.1
8.9	1.4	Contributions by scheme participants	9.4	1.5
(47.8)	(4.1)	Benefits paid	(55.0)	(5.2)
(2.0)	-	Settlements	(4.9)	-
-	-	Admin expenses	-	-
1,374.6	**212.8**	**Closing balance at 31 March**	**1,465.0**	**228.8**

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

2022-2023					2023-2024			
	Council		Subsidiary			Council		Subsidiary
Funded LGPS	Unfunded LGPS	Unfunded Teachers	Funded LGPS	Liabilities	Funded LGPS	Unfunded LGPS	Unfunded Teachers	Funded LGPS
£m	£m	£m	£m		£m	£m	£m	£m
(1927.3)	**(19.9)**	**(46.0)**	**(258.4)**	**Opening balance at 1 April**	**(1,387.4)**	**(17.9)**	**(43.0)**	**(174.5)**
(61.1)	-	-	(9.7)	Current service cost	(28.7)	-	-	(4.7)
(52.4)	(0.4)	(1.2)	(7.1)	Interest cost	(65.5)	(0.6)	(2.0)	(8.3)
(8.9)	-	-	(1.4)	Contributions - participants	(9.4)	-	-	(1.5)
610.6	1.1	0.3	98.1	Remeasurement Gain/(Loss)	41.4	0.2	(0.5)	7.3
47.8	1.3	3.9	4.1	Benefits paid	55.1	1.3	4.1	5.2
-	-	-	-	Past service costs	-	-	-	-
(0.5)	-	-	-	Curtailments	(0.7)	-	-	-
5.1	-	-	-	Settlements	7.4	-	-	-
(0.7)	-	-	(0.1)	Admin expenses	(0.7)	-	-	(0.1)
(1,387.4)	**(17.9)**	**(43.0)**	**(174.5)**	**Closing balance at 31 March**	**(1,388.5)**	**(17.0)**	**(41.4)**	**(176.6)**

Expected returns on equity investments reflect long term real rates of return experienced in the respective markets. The actual return on scheme assets in the year was a gain of £90.4 million (2022-2023: Loss £38.8 million).

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits.

2022-2023				Liabilities	2023-2024			
Council			Subsidiary		Council			Subsidiary
Funded LGPS	Unfunded LGPS	Unfunded Teachers	Funded LGPS		Funded LGPS	Unfunded LGPS	Unfunded Teachers	Funded LGPS
£m	£m	£m	£m		£m	£m	£m	£m
(1927.3)	**(19.9)**	**(46.0)**	**(258.4)**	**Opening balance at 1 April**	**(1,387.4)**	**(17.9)**	**(43.0)**	**(174.5)**
(61.1)	-	-	(9.7)	Current service cost	(28.7)	-	-	(4.7)
(52.4)	(0.4)	(1.2)	(7.1)	Interest cost	(65.5)	(0.6)	(2.0)	(8.3)
(8.9)	-	-	(1.4)	Contributions - participants	(9.4)	-	-	(1.5)
610.6	1.1	0.3	98.1	Remeasurement Gain/(Loss)	41.4	0.2	(0.5)	7.3
47.8	1.3	3.9	4.1	Benefits paid	55.1	1.3	4.1	5.2
-	-	-	-	Past service costs	-	-	-	-
(0.5)	-	-	-	Curtailments	(0.7)	-	-	-
5.1	-	-	-	Settlements	7.4	-	-	-
(0.7)	-	-	(0.1)	Admin expenses	(0.7)	-	-	(0.1)
(1,387.4)	**(17.9)**	**(43.0)**	**(174.5)**	**Closing balance at 31 March**	**(1,388.5)**	**(17.0)**	**(41.4)**	**(176.6)**

The Discretionary Benefits arrangements have no assets to cover their liabilities. The Local Government Pension Scheme's assets are set out in the following table. It is estimated that the Council has 7% of the share of the assets of the fund and that Wolverhampton Homes Limited has 1% and WV Living as less has 1%.

All scheme assets have quoted prices in active markets, except UK unquoted and global unquoted.

2022-2023 LGPS Council £m	2022-2023 LGPS Subsidiary £m	Asset Category	2023-2024 LGPS Council £m	2023-2024 LGPS Subsidiary £m
752.3	116.4	Equities	622.4	97.2
63.3	9.8	Government Bonds	191.2	29.8
219.0	33.9	Other Bonds	306.5	47.9
96.5	14.9	Property	93.8	14.6
42.9	6.6	Cash/Liquidity	69.4	10.8
200.7	31.0	Other	181.7	28.3
1,374.7	**212.6**	**Total**	**1,465.0**	**228.6**

Obtaining timely valuation is a perennial issue with Private Equity where the valuation of investment vehicles often has to be 'stale' or 'lagged' due to the unavailability of pricing information as at the Fund's year end date (by the time the Statement of Accounts has been prepared and audited). Valuations are by necessity estimated and may not fully reflect the performance of the vehicles underlying portfolio of investments.

Basis for estimating assets and liabilities.

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years' dependent on assumptions about variables such as mortality rates and salary levels. Both the Teachers' Discretionary Pension Scheme and the West Midlands Pension Fund liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries. Estimates for the West Midlands Pension Fund are based on the latest full valuation of the scheme as at 31 March 2022. The principal assumptions used by the actuary are set out in the following table.

2022-2023					2023-2024			
Council		Subsidiary			Council		Subsidiary	
LGPS	Teachers	WH	WVL		LGPS	Teachers	WH	WVL
				Mortality assumptions:				
				Longevity at 65 for current pensioners (years):				
20.7	20.7	19.9	20.7	- Men	20.5	20.5	19.8	20.6
23.5	23.5	23.8	21.6	- Women	23.3	23.3	23.6	23.8
				Longevity at 65 for future pensioners (years):				
21.6	21.6	21.3	23.7	- Men	21.4	21.4	21.2	21.5
25.1	25.1	25.1	24.0	- Women	24.9	24.9	24.9	23.8
				Rate of inflation				
4.0	4.0	4.0	4.0	Rate of increase in salaries	2.8	2.8	2.8	2.8
3.0	3.0	3.0	3.0	Rate of increase in pensions	3.8	3.8	3.8	3.8
4.8	4.8	4.8	4.8	Rate for discounting scheme liabilities	4.9	4.9	4.9	4.9

Impact on the Council’s future cash flows

The Council’s arrangements with the West Midlands Pension Fund were subject to a triennial review at 31 March 2022 and covered pension payments for the period from 1 April 2023 to 31 March 2026; the agreed payments have been built into the budget and the Council’s medium-term financial plans.

The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31 March 2024 are £36.0 million.

Note 10 Financial instruments

The following table shows the financial instruments at their carrying value in the Balance Sheet:

Council 31 March 2023			Council 31 March 2024	
Long-Term £m	**Current £m**		**Long-Term £m**	**Current £m**
		Financial Assets Held at FVOCI		
27.2	-	Equity instruments – Birmingham Airport Shareholding	29.8	-
27.2	**-**	**Total Financial Assets Held at FVOCI**	**29.8**	**-**
		Financial Assets Held at Amortised Cost		
1.3	-	Finance Leases	1.3	-
5.7	-	Equity instruments – Help to Own	5.7	-
8.0	-	Equity instruments – WV Living Shareholding	8.0	-
	17.6	Investments	-	9.9
-	1.6	Cash and Cash Equivalents	-	3.5
-	39.4	Current Receivables	-	46.1
15.0	**58.6**	**Total Financial Assets Held at Amortised Cost**	**15.0**	**59.5**
		Financial Liabilities Held at Amortised Cost		
(708.4)	(12.2)	Borrowings	(780.7)	(5.7)
-	(39.5)	Current Payables	-	(42.4)
(6.4)	-	Debt arising from the County Council Reorganisation	(4.5)	-
(73.8)	(3.2)	PFIs	(71.9)	(3.3)
(788.6)	**(54.8)**	**Total Financial Liabilities Held at Amortised Cost**	**(857.0)**	**(51.4)**
		Other Financial Liabilities that are not Financial Instruments		
(3.1)	(45.2)	Grant Receipts in Advance - Capital	(2.5)	(53.6)
(2.3)	(25.7)	Grant Receipts in Advance - Revenue	(2.3)	(29.0)
-	(28.9)	Current Payables	-	(30.4)
-	(12.8)	Provisions	-	(13.2)
(73.5)	**-**	Net Pension Liability	(54.6)	-

Council 31 March 2023 Long-Term £m	Council 31 March 2023 Current £m		Council 31 March 2024 Long-Term £m	Council 31 March 2024 Current £m
(79.0)	**(112.6)**	**Total Other Financial Liabilities**	**(59.4)**	**(126.2)**
		Other Financial Assets that are not Financial Instruments		
-	46.4	Current Receivables	-	51.1
-	**46.4**	**Total Other Financial Assets**	**-**	**51.1**

10A Financial assets held at amortised cost - investments

As at 31 March 2024, the Council was holding £8.8 million in money market funds and £1.0 million in a deposit account. The fair value of these investments is valued by calculating the net present value of cash flows that are expected to take place over the remaining life of the investments.

10B Lender option borrower option loans (LOBOs)

The Council held the below LOBOs as at 31 March 2024:

Date raised	Lender	Original Principal £m	Rate %	Maturity date	Step up details	Next Two Step-up Dates
Loans with No Step-Ups Remaining						
24/01/2003	Dexia Credit Local	5.0	4.26	26/07/2066		
30/01/2003	Dexia Credit Local	5.0	4.29	29/01/2066		
04/07/2003	Just Retirement Ltd	3.0	4.40	04/07/2066		
30/06/2004	Danske Bank	5.0	4.63	30/06/2066		
01/12/2004	Danske Bank	5.0	4.81	01/12/2066		
Loans Still Subject to Step-Ups						
31/05/2006	Commerzbank AG	7.0	3.60	31/05/2066	31 May 2009 and each period of 5 years thereafter	31/05/2024 31/05/2029
31/07/2006	Commerzbank AG	7.0	3.60	31/07/2066	31 July 2010 and each period of 5 years thereafter	31/07/2025 31/07/2030
Loans Converted to Fixed Rate with effect from 30 June 2016						
30/03/2004	Barclays Bank	2.3	4.58	30/03/2066		
30/04/2004	Barclays Bank	2.5	4.58	28/04/2066		
31/08/2004	Barclays Bank	5.0	4.58	28/02/2066		
13/10/2004	Barclays Bank	7.0	4.58	13/04/2066		
29/10/2004	Barclays Bank	5.0	4.58	28/04/2066		
03/12/2004	Barclays Bank	2.0	4.39	05/06/2066		
23/05/2005	Barclays Bank	5.0	4.78	23/05/2066		
15/06/2005	Barclays Bank	5.0	4.78	15/06/2066		
04/07/2005	Barclays Bank	5.0	4.78	04/07/2066		
15/08/2005	Barclays Bank	5.0	4.39	15/02/2066		
15/09/2005	Barclays Bank	5.0	4.39	15/03/2066		
31/10/2006	Barclays Bank	7.0	3.60	31/10/2066		

During 2004 to 2006 the Council entered into £55.8 million LOBOs with Barclays Bank Plc, repayable in 2066. In June 2016, Barclays decided to waive its right permanently under the lenders option of the LOBO feature to change interest rates in the future and converted them into fixed rate loans. No other terms or conditions of the loans were amended, and the loans will still mature in 2066.

LOBOs are valued by calculating the net present value of cash flows that are expected to take place over the remaining life of the loan. The key inputs for this valuation model are contractual future cash flows which are discounted using a discount rate. The discount rate used for LOBOs range from 5.18% to 5.25%.

LOBOs carry the risk that the lender can change certain conditions of the loan such as the dates and the interest rate. If this occurs, the Council then has the option of either continuing with the loan or redeeming it in full without a penalty, so long as this is done within the allowed timescale.

10C Leases and lease-type arrangements

The Council has a significant number of properties including car parking facilities, shops and offices, industrial units, sport and recreational facilities and community centres which are leased out for the following purposes:

- The provision of community services such as sport and recreation facilities and community centres.
- For economic development purposes to provide suitable accommodation for local businesses.

The following table summarises the amounts payable and receivable by the Council under lease agreements during the year, and the amounts that it expects to be payable or receivable under non-cancellable lease agreements in future years:

2022-2023					2023-2024			
Amounts Payable		Amounts Receivable			Amounts Payable		Amounts Receivable	
Finance Leases £m	Operating Leases £m	Finance Leases £m	Operating Leases £m		Finance Leases £m	Operating Leases £m	Finance Leases £m	Operating Leases £m
-	**1.7**	**-**	**(4.1)**	**Payable/receivable in year**	**-**	**3.2**	**-**	**(4.5)**
-	1.9	-	(3.9)	Due within one year	-	3.1	-	(4.3)
-	2.1	-	(9.4)	Due in one to five years	-	5.0	-	(10.4)
-	0.6	(4.1)	(17.9)	Due after five years	-	1.1	(4.1)	(30.2)
-	**4.6**	**(4.1)**	**(31.2)**	**Total due in future years**	**-**	**9.2**	**(4.1)**	**(44.9)**

10D Equity instruments designated as fair value through other comprehensive income - Birmingham Airport and WV Living shareholdings

Birmingham Airport

West Midlands Local Authorities collectively own 49% of Birmingham Airport Holdings Limited. The Council holds 4.7% of the total ordinary shares and 9.58% of the preference shares of the company. The shares are not quoted on a stock exchange. On behalf of the West Midlands Authorities, Solihull Council undertakes a valuation review using Level 3 Inputs using an Earnings Based Approach. Earnings multiples are based on an average of the lower-quartile earnings and transaction multiples for the industry. The valuation review resulted in an increase of £2.6 million in the shareholding of the council.

WV Living

The Council holds £8.0 million of ordinary shares in WV Living.

Help to Own

The Council holds a £5.7 million equity investment in Help to Own.

No active market (valuation):

	Input Level in Fair Value Hierarchy	Valuation Technique Used to Measure Fair Value		31 March 2023 £m	31 March 2024 £m
Birmingham Airport Holdings Ltd					
Ordinary Shares	Level 3	Earning based valuation	Value is based on profitability of the company to arrive at a view of “maintainable” or “prospective” earnings. An EBITDA multiple is applied to maintainable or prospective earnings. The multiple draws on data from comparable quoted companies and comparable transactions of companies operating in the sector.	25.7	28.3
Preference Shares				1.5	1.5

	Input Level in Fair Value Hierarchy	Valuation Technique Used to Measure Fair Value		31 March 2023 £m	31 March 2024 £m
WV Living					
Ordinary Shares	Level 3	Historic cost	An impairment review is also undertaken annually taking into account the business plan.	8.0	8.0
Help to Own					
Equity investment	Level 3	Historic cost	An impairment review is also undertaken annually taking into account the business plan.	5.7	5.7
Total				**40.9**	**43.5**

Reconciliation of fair value measurements for financial assets carried at fair value categorised within level 3 of the fair value hierarchy for financial assets:

2023-2024	Unquoted Shares £m	Other £m	Total £m
Opening balance at 1 April 2023	**40.9**	**-**	**40.9**
Transfers into Level 3	-	-	-
Total gains or (losses) for the period included in Other Comprehensive Income and Expenditure	2.6	-	2.6
Additions	-	-	-
Disposals	-	-	-
Closing Balance 31 March 2024	**43.5**	**-**	**43.5**

Investments in equity instruments designated at fair value through other comprehensive income:

2023-2024	Fair value £m	Change in fair value during 2023-2024 £m	Dividends received during 2023-2024 £m
Birmingham Airport Holdings Ltd	27.2	2.6	-
WV Living	8.0	-	-
Help to Own	5.7	-	-

10E Expected credit loss provision

It is determined that the carrying amount for short-term investments, cash and cash equivalents and trade receivables is a reasonable approximation of fair value. Further information on accounts receivable can be found in Note 6.

An allowance is made for expected credit losses within the balance reported on the Balance Sheet. The following provides a summary of the changes in allowance made:

2022-2023 £m		2023-2024 £m
11.5	**Allowance for Expected Credit Losses Brought Forward**	**11.0**
(0.6)	Amounts Written-off During the Year	(0.5)
0.1	Increase in Allowance During the Year	0.9
11.0	**Allowance for Expected Credit Losses Carried Forward**	**11.4**

10F Private Finance Initiatives (PFI) and similar contracts

The Council has three contracts which are PFIs or similar in nature and which are accounted for as ‘on balance sheet’: the Bentley Bridge Leisure Centre, Highfields and Penn Fields Schools, St. Matthias School and Heath Park Academy. In each of these contracts the Council pays an annual unitary charge over the life of the contract which is allocated between the fair value of the services provided by the operator, interest on the lease liability and repayment of the lease liability which increases annually in line with inflation based on the Retail Price Index. These allocations are determined using an accounting model which is derived from the operators’ financial close models which includes estimates of the impact of inflation on the unitary charge.

Bentley Bridge Leisure Centre: In 2006-2007 the Council signed a thirty-year contract for a new leisure facility. The scheme was for the design, build, funding and operation of a major new regional leisure facility. The facility includes a leisure pool with a river run, wave pool and flumes, a 25 metre 6 lane traditional pool, a studio pool, a 140-station fitness suite, a dance/aerobics suite, children’s play feature and a café. The facility cost £13.3 million and opened on 12 December 2006. The facility is operated by Places for People Leisure Limited on behalf of the Council. The contract period is for 30 years, with an end date of 31 October 2036. The total amount payable by the Council over the life of the contract is £55.2 million. Over the remaining life of the project the commitments are:

	Payment for Services	Interest	Capital Expenditure /Capital Redemption	Total
	£m	£m	£m	£m
Payable within one year	0.7	1.2	0.2	**2.1**
Payable within two to five years	2.9	4.6	1.1	**8.6**
Payable within six to ten years	2.8	5.6	3.0	**11.4**
Payable within eleven to fifteen years	1.6	2.5	2.4	**6.5**
Total	**8.0**	**13.9**	**6.7**	**28.6**

The following tables show the movements in the balances for property, plant and equipment together with the liability over the current and previous year:

	Property, plant, and equipment	Liability	Total
	£m	£m	£m
Balance at 31 March 2023	**12.6**	**(6.9)**	**5.7**
Depreciation/Revaluation	0.3	-	**0.3**
Capital Expenditure/Principal Redemption	-	0.2	**0.2**
Balance at 31 March 2024	**12.9**	**(6.7)**	**6.2**

The current liability for the Bentley Bridge PFI in 2023-2024 was £0.2 million:

	Property, plant, and equipment	Liability	Total
	£m	£m	£m
Balance at 31 March 2022	**12.0**	**(7.1)**	**4.9**
Depreciation/Revaluation	0.6	-	**0.6**
Capital Expenditure/Principal Redemption	-	0.2	**0.2**
Balance at 31 March 2023	**12.6**	**(6.9)**	**5.7**

Highfields and Penn Fields School: As part of the Building Schools for the Future Programme the Council entered into a PFI contract for the construction and management of a new building for the Highfields School and Penn Fields Special School. The construction of the new building cost £46.1 million. The total amount payable by the Council over the life of the contract is estimated to be £199.1 million. Over the remaining life of the contract the estimated payments are:

	Payment for Services £m	Interest £m	Capital Expenditure /Capital Redemption £m	Total £m
Payable within one year	2.2	4.6	1.6	8.4
Payable within two to five years	9.8	16.2	8.1	34.1
Payable within six to ten years	15.4	14.1	15.0	44.5
Payable within eleven to fifteen years	12.1	5.3	14.4	31.8
Total	**39.5**	**40.2**	**39.1**	**118.8**

The following tables show the movements in the balances for property, plant and equipment together with the liability over the current and previous year:

	Property, plant, and equipment £m	Long-Term Liability £m	Total £m
Balance at 31 March 2023	**13.3**	**(36.4)**	**(23.1)**
Depreciation/ Revaluation	0.2	-	**0.2**
Capital Expenditure/Principal Redemption	-	1.2	**1.2**
Balance at 31 March 2024	**13.5**	**(35.2)**	**(21.7)**

The current liability for Highfields and Penn Fields PFI in 2023-2024 was £1.6 million:

	Property, plant, and equipment £m	Liability £m	Total £m
Balance at 31 March 2022	**11.8**	**(37.2)**	**(25.5)**
Depreciation/ Revaluation	1.5	-	**1.5**
Capital Expenditure/Principal Redemption	-	0.9	**0.9**
Balance at 31 March 2023	**13.3**	**(36.4)**	**(23.1)**

During 2015-2016 Highfields School converted to an academy and entered a 125-year lease with the Council. This lease has been recognised as a finance lease and, accordingly, the Highfields School has been derecognised as an asset of the Council. The remaining carrying asset value relates to Penn Fields Special School which has not converted to an academy.

The terms of the PFI contract and level of unitary payment remains unchanged, however during 2023-2024 the Council received a contribution of £2.57 million from the academy representing the balance of the unitary payment not funded by capital grants from central government.

St. Matthias School and Heath Park Academy: As part of the Building Schools for the Future Programme the Council entered into a new PFI contract for the construction and management of new buildings for St. Matthias School and Heath Park Academy. The construction costs of the new buildings were £19.7 million for St. Matthias and £24.3 million for Heath Park Academy. As Heath Park is an academy and has entered a long-term finance lease with the Council the amount capitalised has been derecognised as a disposal. The total amount payable by the Council over the life of the contract is estimated to be £156.8 million. Over the remaining life of the contract the estimated payments are:

	Payment for Services £m	Interest £m	Capital Expenditure /Capital Redemption £m	Total £m
Payable within one year	2.0	2.8	1.5	**6.3**
Payable within two to five years	8.1	10.8	7.3	**26.2**
Payable within six to ten years	12.3	11.3	10.6	**34.2**
Payable within eleven to fifteen years	18.5	8.2	9.4	**36.1**
Payable within sixteen to twenty years	5.3	2.0	3.3	**10.6**
Total	**46.2**	**35.1**	**32.1**	**113.4**

The following tables show the movements in the balances for property, plant and equipment together with the liability over the current and previous year:

	Property, plant, and equipment £m	Liability £m	Total £m
Balance at 31 March 2023	**24.1**	**(33.7)**	**(9.6)**
Depreciation/ Revaluation	0.8	-	0.8
Capital Expenditure/Principal Redemption	-	1.6	1.6
Balance at 31 March 2024	**24.9**	**(32.1)**	**(7.2)**

The current liability for St Matthias and Heath Park PFI in 2023-2024 was £1.6 million.

	Property, plant, and equipment £m	Liability £m	Total £m
Balance at 31 March 2022	**21.6**	**(35.3)**	**(13.8)**
Depreciation/ Revaluation	2.6	-	2.6
Capital Expenditure/Principal Redemption	-	1.6	1.6
Balance at 31 March 2023	**24.1**	**(33.7)**	**(9.6)**

Heath Park Academy is an existing academy and had previously entered into a 125-year lease with the Council which has been classified as a finance lease and, on commencement of the PFI an amended agreement has been entered. As this is a similar agreement the asset has been derecognised as an asset of the Council and treated as a disposal. The remaining carrying asset value relates to St. Matthias School which has not converted to an academy.

The terms of the PFI contract and level of unitary payment remains unchanged, however, during 2023-2024 the Council received a contribution of £1.64 million from Heath Park Academy representing the balance of the unitary payment not funded by capital grants from central government.

10G Financial liabilities at amortised cost

The following table shows the carrying values and fair values of loans held by the council at the year-end:

31 March 2023					31 March 2024			
Carrying Value		Fair Value			Carrying Value		Fair Value	
Long-Term £m	Current £m	Long-Term £m	Current £m		Long-Term £m	Current £m	Long-Term £m	Current £m
(708.4)	(12.1)	(631.9)	(12.3)	Borrowings	(780.7)	(5.7)	(662.1)	(5.7)
(6.4)	-	(6.4)	-	Debts Arising from the County Council Reorganisation	(4.5)	-	(4.5)	-
(73.8)	(3.1)	(53.2)	(2.2)	PFIs	(70.6)	(3.3)	(86.6)	(3.4)
(788.6)	**(15.2)**	**(691.5)**	**(14.5)**		**(855.8)**	**(9.0)**	**(753.2)**	**(9.1)**

Basis of fair value valuation

The fair values of the loans and PFIs have been assessed by calculating the net present value of cash flows that are expected to take place over the remaining life of the loan. The assessment of loans uses Level 2 Inputs - inputs other than quoted prices that are observable for the financial instrument.

For PWLB (Public Works Loan Board) loans fair value has been calculated using new loan rates. The Debt Management Office provides a transparent approach to allow the exit cost of PWLB loans to be calculated.

For non-PWLB loans, PWLB new loan rates have been applied.

For PFIs, PWLB new loan rates have been applied.

10H Debt arising from the West Midlands County Council reorganisation

The Council recognises debt arising from residual liabilities of the West Midlands County Council. The debt is managed by Dudley Metropolitan Borough Council and will mature by 31 March 2026.

10I Gains and losses the gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are shown in the following table:

2022-2023					2023-2024			
Financial Assets: Loans and Receivables	Financial Assets Measured at FVOCI: Equity Instruments	Financial Liabilities Measured at Amortised Cost	Total		Financial Assets: Loans and Receivables	Financial Assets Measured at FVOCI: Equity instruments	Financial Liabilities Measured at Amortised Cost	Total
£m	£m	£m	£m		£m	£m	£m	£m
-	-	35.7	**35.7**	Interest Expense	-	-	35.7	**35.7**
(1.5)	-	-	**(1.5)**	Interest Income	(1.9)	-	-	**(1.9)**
-	(13.0)	-	**(13.0)**	(Gain) or Loss on Valuation of Unquoted Equity Investment	-	(2.6)	-	**(2.6)**
(1.5)	**(13.0)**	**35.7**	**21.2**	**Net (Income)/Expense**	**(1.9)**	**(2.6)**	**35.7**	**31.2**

10J Reconciliation of liabilities arising from financing activities:

	31 March 2023	Financing Cash Flows	Non-Cash Changes		31 March 2024
			Acquisition	Other Non-Cash Changes	
	£m	£m	£m	£m	£m
Long-Term Borrowings	(708.4)	(72.3)	-	-	(780.7)
Short-Term Borrowings	(12.1)	7.1	-	(0.6)	(5.7)
On Balance Sheet PFI Liabilities	(76.9)	3.0	-	-	(74.0)
Total Liabilities from Financing Activities	**(797.4)**	**(62.3)**	**-**	**(0.6)**	**(860.4)**

	31 March 2022	Financing Cash Flows	Non-Cash Changes		31 March 2023
			Acquisition	Other Non-Cash Changes	
	£m	£m	£m	£m	£m
Long-Term Borrowings	(715.5)	7.1	-	-	(708.4)
Short-Term Borrowings	(15.5)	3.1	-	-	(12.1)
On Balance Sheet PFI Liabilities	(81.3)	2.7	-	-	(76.9)
Total Liabilities from Financing Activities	**(810.6)**	**12.9**	**-**	**-**	**(797.4)**

10K Risks arising from financial instruments

There are a number of risks associated with the Council's financial instruments, which the Council seeks to actively identify and manage. A key part of this is the preparation of the following documents on an annual basis, in accordance with the CIPFA Treasury Management Code and the Prudential Code:

- Treasury Management Strategy
- Annual Investment Strategy
- Prudential and Treasury Management Indicators

These strategies and indicators set out the Council's approach to the key risks arising from financial instruments and how it will monitor and manage those risks. These are reflected in the following paragraphs.

Amounts arising from expected credit losses.

The changes in the loss allowance for each class of financial asset during the year are as follows:

	Short-Term Investments - Loans 12 Month Expected Credit Losses £m	Short-Term Investments - Loans Lifetime Expected Credit Losses (Credit Impaired) £m	Financial Guarantee Lifetime Expected Credit Losses (Not Credit Impaired) £m	Trade Receivables and Lease Receivables Lifetime Expected Credit Losses (Simplified Approach) £m	Total £m
Opening balance as at 1 April 2023	**-**	**-**	**0.2**	**10.7**	**10.9**
Transfers:					
- Individual financial assets transferred to 12-month expected credit losses	-	-	-	-	-
- Individual financial assets transferred to lifetime expected credit losses	-	-	-	-	-
- Individual financial assets transferred to lifetime expected credit losses credit impaired	-	-	-	-	-
New financial assets originated or purchased	-	-	-	0.9	0.9
Amounts written-off	-	-	-	(0.5)	(0.5)
Financial assets that have been derecognised	-	-	-	-	-
Changes due to modifications that did not result in derecognition	-	-	-	-	-
Changes in models/risk parameters	-	-	-	-	-
Other changes	-	-	-	-	-
Closing Balance as at 31 March 2024	**-**	**-**	**0.2**	**11.1**	**11.3**

Credit and counterparty risk management

The security of principal sums invested is the Council's top priority when making investment decisions: accordingly, it only places sums with institutions for whom credit risk is assessed as very low. To form this assessment, the Council applies a creditworthiness model supplied by its external treasury advisors Link Group, which takes into account credit watches and credit outlooks from credit rating agencies, credit default swap spreads, and sovereign ratings. The Council also uses market data and market information, information on government support for banks and the credit ratings of the government in question. The Council has combined these factors to develop a range of creditworthiness criteria which it applies strictly when making investment decisions.

The Council's maximum exposure to credit risk at 31 March 2024 was £108.3 million (31 March 2023: £104.7 million). This relates entirely to Loans and Receivables. The Council does not hold any collateral in respect of these amounts.

Collateral and other credit enhancements obtained

The Council did not obtain any collateral or other credit enhancements during 2023-2024 or 2022-2023.

Liquidity risk management

The Council ensures it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available which are necessary for the achievement of its business/service objectives. The Council actively manages its cash balances on a daily basis, and forecasts cash requirements several months in advance. In its investment activities the Council places strong emphasis on liquidity (second only to security, as discussed under credit risk).

Analysis of external borrowing financial liabilities by maturity date:

2022-2023 £m	Time until Repayment	2023-2024 £m
7.1	Payable next year	-
28.0	Payable within two to five years	136.5
85.3	Payable within six to ten years	80.9
71.0	Payable within eleven to fifteen years	51.0
59.9	Payable within sixteen to twenty years	73.3
69.9	Payable within twenty-one to twenty-five years	69.5
76.2	Payable within twenty-six to thirty years	107.6
79.4	Payable within thirty-one to thirty-five years	61.6
81.6	Payable within thirty-six to forty years	78.0
151.8	Payable within forty-one to forty-five years	117.8
-	Payable within forty-six to fifty years	-
-	Payable within fifty-one to sixty years	-
710.2	**Total**	**776.2**

Interest rate risk management

The Council manages its exposure to fluctuations in interest rates with a view to containing its net interest costs or securing its interest revenues. It achieves this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. These are subject at all times to the consideration and, if required, approval of any policy or budgetary implications.

If interest rates had been 1% higher during 2023-2024, the Council's interest payable would have increased by £7.0 million, and its interest receivable would have increased by £356,000, resulting in an increase in net expenditure of £6.6 million. Had interest rates been 1% lower, equivalent decreases would have occurred, leading to a decrease in net expenditure of £6.6 million.

Inflation risk management

The effects of varying levels of inflation, insofar as they can be identified as impacting directly on the Council's treasury management activities, are controlled as an integral part of the Council's strategy for managing its overall exposure to inflation.

The Council achieves this objective by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. These are subject at all times to the consideration and, if required, approval of any policy or budgetary implications.

Price risk

The Council does not generally invest in equity shares but does have shareholdings to the value of £28.3 million in Birmingham Airport Holdings Ltd and £8.0 million in WV Living. The Council is consequently exposed to losses arising from movements in the prices of the shares. As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. The shares are all classified as 'unquoted equity investment at cost', meaning that all movements in price will impact on gains and losses recognised in 'Other Comprehensive Income and Expenditure'.

Refinancing risk management

The Council ensures that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised is managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time. It actively manages its relationships with its counterparties in these transactions in such a manner as to secure this objective and avoids over-reliance on any one source of funding if this might jeopardise achievement of the above.

Legal and regulatory risk management

The Council ensures that all of its treasury management activities comply with its statutory powers and regulatory requirements. It is able to demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. The Council ensures that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may carry out with the organisations, particularly with regard to duty of care and fees charged.

The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, seeks to minimise the risk of these impacting adversely on the organisation.

Fraud, error and corruption risk, and contingency management

The Council ensures that it has identified the circumstances that may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it employs suitable systems and procedures, and maintains effective contingency management arrangements to these ends.

10L Financial instruments for the group

This note sets out the differences from the information contained in Note 10 of the Council entity accounts to enable the reader to determine, more clearly, the impact of group company transactions.

Debtors and cash

Short-term debtors and cash consolidated as part of the group financial statements are classified as financial assets at amortised cost. Further information on Group debtors is provided in Note 6A.

Creditors

Short-term creditors consolidated as part of the group financial statements are classified as financial liabilities at amortised cost. Further information on group creditors is provided in Note 6C.

Other long-term liabilities consolidated as part of the group financial statements are classified as financial assets at amortised cost and relate to loans to WV Living. The loans are secured by floating charges over assets of the company.

Long-term investments

The reduction in long-term investments at 31 March 2024 between the Council entity accounts, £43.5 million and the group accounts, £35.5 million, is represented by the acquisition of shares in group entity, WV Living, recognised by the Council. These transactions are eliminated on consolidation.

Income, expense, gains and losses

The increase in Income and Expenditure at 31 March 2024 between the Council entity accounts and the group accounts is due to the sale, during the year, of WV Living property which was in the development stage as at 31 March 2021.

Fair values of assets and liabilities

The amounts consolidated as part of the group financial statements are not considered significantly different from the carrying amounts.

Nature and extent of risks arising from financial instruments.

The nature and extent of risks from financial instruments arising in the group financial statements are not considered materially different from those in the council entity accounts.

Note 11 Members of the City of Wolverhampton Council Group and other related parties/subsidiaries

The Council has three subsidiary entities: Wolverhampton Homes Limited, Yoo Recruit Ltd and WV Living (City of Wolverhampton Housing Company Limited).

Wolverhampton Homes Limited is an arm's length management organisation (ALMO) which was established in 2005 to manage and maintain most of the Council's housing stock. It is wholly owned by the Council. The company's accounts have been wholly consolidated into the group elements of the financial statements.

Wolverhampton Homes Limited's main income stream comes from the Council, in the form of a management fee for housing management and maintenance which amounted to £46.5 million in 2023-2024 (£42.5 million in 2022-2023). There are a number of other transaction streams between the two entities, including capital works carried out by Wolverhampton Homes Limited for the Council, support services provided by the Council, and premises leases payable by Wolverhampton Homes Limited. Payments by the Council to Wolverhampton Homes Limited in 2023-2024 amounted to £61.5 million (2022-2023: £57.3 million), whilst payments by Wolverhampton Homes Limited to the Council in 2023-2024 totalled £3.6 million (2022-2023: £5.3 million). At the year end, Wolverhampton Homes Limited owed the Council £3.7 million (2022-2023: £3.9 million), and the Council owed Wolverhampton Homes Limited £5.3 million (2022-2023: £8.5 million).

Yoo Recruit Ltd is a wholly owned subsidiary which was formed in 2014. The Council does not consider the transactions and balances of this company to be material, so they have not been consolidated into the Group Accounts. Payments by the Council to Yoo Recruit Ltd amounted to £19.8 million (2022-2023: 16.5 million) while payments by Yoo Recruit Ltd to the Council totalled £131,064 million (2022-2023: £131,886).

At 31 March 2024, the amount owing to Yoo Recruit Ltd, included in current payables, was £1.4 million (2022-2023: £991,578) while an amount, included in current receivables, of £130,994 (2022-2023: £128,810) was owed to the Council.

In 2021, the Council entered a joint venture with the West Midlands Combined Authority to pilot an affordable housing project; Help to Own. Help to Own helps to address the issue that many potential buyers in work have when looking to buy a home; in raising the deposit to secure a mortgage. Help to Own has not been consolidated into the group accounts as the impact is not considered to be material. As at 31 March 2024, the Council held a £5.7 million equity investment in the venture.

WV Living was formed as a wholly owned subsidiary of the Council in 2016-2017. During 2023-2024 the company's turnover increased to £12.1 million (2022-2023 £7.4 million). During the year WV Living supplied goods and services to the Council totalling £4.3 million (2022-2023 £925,584) and purchased good and services from the Council totalling £107,389 (2022-2023 £89,550). The company has a loan facility from the Council and made repayments of £nil in 2023-2024 (2022-2023: £5 million) and paid interest charges of £56,578 (2022-2023 £124,245). At the year-end WV Living owed the Council £38,246 (2022-2023 £499,091) and the amount due from the Council was £300,400 (2022-2023 £nil). The amount outstanding under the loan facility was £2 million (2022-2023 £nil). The company's accounts have been wholly consolidated into the group elements of the financial statements.

LGPS Central Limited has been established to manage investment assets on behalf of eight Local Government Pension Scheme (LGPS) funds across the Midlands. It is jointly owned in equal shares by the eight administering authorities participating in the LGPS Central Pool, of which Wolverhampton City Council, as the administering authority for West Midlands Pension Fund, is one of the shareholders. Each authority has one Class A voting share in LGPS Central Limited.

The Fund has agreed a number of advisory agreements covering a range of asset classes for which LGPS Central has provided services to the Fund. The charges in respect of these services totalled £2.197 million in 2023-2024 (2022-2023: £2.150 million). The amount outstanding in respect of these services at 31 March 2024 was £1.282 million (31 March 2023: £0.552 million).

The Pension Fund was invoiced £3.832 million in respect of Governance, Operator Running and Product Development costs by LGPS Central Limited for 2022-2023 (2022-2023: £2.873 million). The amount outstanding in respect of these services at 31 March 2024 was £0.813 million (31 March 2023: £0.742 million).

LGPS Central Limited is an admitted body and employs staff that are active members of the West Midlands Pension Fund. Normal contributions receivable from LGPS Central Limited for the year to 31 March 2024 were £727,600 (2022-2023: £613,900).

City of Wolverhampton Council (via the Pension Fund) has invested £1.315 million in LGPS Central Limited class B shares and £0.685 million in class C shares in 2017-2018 and these are both carried as balances in net investment assets at this year-end.

The Council has let office space (at 'i9') to LGPS Central Limited since 27 October 2021. The rental income and rates receivable by City of Wolverhampton Council from LGPS Central Limited in 2023-2024 totalled £140,814 (2022-2023: £140,814).

Other related parties

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

2022-2023 Expenditure £m	2022-2023 Income £m		2023-2024 Expenditure £m	2023-2024 Income £m
-	-	Members	-	-
-	-	Senior officers	-	-
		Other Public Bodies (subject to control by Central Government)		
12.9	(0.4)	West Midlands Combined Authority	12.3	(0.2)
		Entities Controlled or Significantly Influenced by the council		
2.3	(0.5)	Bushbury Hill EMB Ltd	2.2	-
1.2	-	Dovecotes Pendeford TMO	1.2	-
0.4	-	New Park Village TMC	0.5	-
		Other Entities in which the Council has an Interest		
0.2	-	Bilston Business Improvement District (BID)	0.2	-
-	(0.1)	Birmingham Airport Holdings Ltd	-	(0.1)
0.3	-	Black Country Consortium Ltd	0.1	-
0.9	-	City of Wolverhampton College	1.3	-
0.7	(0.4)	ConnectEd Partnership Ltd	0.6	(0.4)
0.8	(1.9)	i54	3.5	(4.5)
14.5	-	Inspired Spaces Wolverhampton Ltd	15.6	-
0.3	-	The Way Wolverhampton Youth Zone	0.3	-
0.5	(0.1)	Wolverhampton Bid Company Ltd	0.6	-
35.0	**(3.4)**	**Total**	**38.4**	**(5.2)**

Central Government

Central Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants, and prescribes the terms of many of the transactions that the Council has with other parties. Grants received from government departments are part of Note 1D - Expenditure and Income Analysed by Nature and the table in Note 2H – Grants details grants and contributions that have been credited to the CIES during the year.

West Midlands Pension Fund (WMPF)

The City of Wolverhampton Council administers the Local Government Pension Scheme (LGPS) on behalf of all public body employers throughout the West Midlands, including the 7 local authorities and trades as the West Midlands Pension Fund administering the Local Government Pension Benefits of over 300,000 members. The WMPF statements of account are included within this document in Section 7. The Council let office space ('i9') to West Midlands Pension Fund from 13 December 2021.

Members/councillors

Councillors have direct control over the Council's financial and operating policies. The total of councillors' allowances paid during the year is shown in Note 2D. A register of councillors' interests is available on the council's website. There were no significant transactions between the Council and any organisation in which the Council's members have an interest.

Senior officers

Senior officers' remuneration is disclosed in Note 2E. Council officers are required to declare any interests under Section 117 of the Local Government Act 1972. There were no significant transactions between the Council and any organisation in which the Council's senior officers have an interest.

Other public bodies (subject to common control by Central Government)

The Council has two pooled budget arrangements with Black Country Integrated Care Board (ICB) these relate to child placements with external agencies and health and social care services under the Better Care Fund (BCF). Further information on both schemes can be found in Note 2C – Pooled Budgets.

The Council is a constituent member of the West Midlands Combined Authority (WMCA). The WMCA consists of seven constituent members. These members have the right to vote on council activities, but no member has a controlling interest in the WMCA. The Council does receive grants from the WMCA so that it can deliver services to fulfil WMCA objectives. These grants are included in Note 2H – Grants.

Note 12 Trust funds

The City of Wolverhampton Council acts as a trustee for a number of trust funds. The funds are not assets of the Council and therefore they have not been included in the Council's balance sheet. The following table provides an overview of the funds and their finances over the last two years:

2022-2023				2023-2024		
Income	Expenditure	Fund Value at 31 March 2023	Fund Name and Purpose	Income	Expenditure	Fund Value at 31 March 2024
£000	£000	£000		£000	£000	£000
(1)	-	(45)	**Springfield Reading Room -** in its capacity as trustee, the council is authorised to apply income in various ways	(2)	-	(47)
(1)	-	(31)	**Greenway Benefaction -** established for the convalescence, enjoyment, pleasure, and amusement of poor children of Bradley	(1)	-	(32)
-	-	(17)	**Butler Bequest Music in the Parks -** to provide music in the parks	(1)	-	(18)
-	-	(15)	**Monica Lloyd -** to provide assistance with further education	(1)	-	(16)
(1)	-	(28)	**Other smaller funds**	(1)	-	(29)
(3)	**-**	**(136)**	**Total**	**(6)**	**-**	**(142)**

Note 13 Reserves

13A Detailed analysis of Movement in Reserves Statement:

2023-2024 Part 1 – Usable reserves	General Fund balance £m	General Fund Earmarked Reserves £m	Total General Fund balance £m	HRA balance £m	Major Repairs Reserve £m	Usable Capital Receipts Reserve £m	Capital Grants Unapplied Account £m	Total Usable Reserves £m
Balance Brought Forward	**(15.3)**	**(87.0)**	**(102.3)**	**(7.2)**	**(2.7)**	**(8.2)**	**(0.9)**	**(121.3)**
(Surplus) or Deficit on Provision of Services	20.5	-	**20.5**	(11.8)	0.0	0.0	0.0	**8.7**
Other Comprehensive Income and Expenditure								
Revaluations - Gains and losses	-	-	**-**	-	-	-	-	**-**
Gains on Financial Instruments Revaluation Reserve	-	-	**-**	-	-	-	-	**-**
Amounts recycled (AFS Reserve) to the I&E Account after impairment or derecognition	-	-	**-**	-	-	-	-	**-**
Re-measurements in the pensions reserve	-	-	**-**	-	-	-	-	**-**
Share of other CI&E of Associates & Joint Ventures (Group a/cs only)	-	-	**-**	-	-	-	-	**-**
Total Comprehensive Income and Expenditure	**20.5**	**-**	**20.5**	**(11.8)**	**-**	**-**	**-**	**8.7**
Net Increase/Decrease before Transfers & Other Movements	**20.5**	**-**	**20.5**	**(11.8)**	**-**	**-**	**-**	**8.7**
Adjustments between Accounting Basis & Funding Basis under Regulations								

2023-2024 Part 1 – Usable reserves	General Fund balance £m	General Fund Earmarked Reserves £m	Total General Fund balance £m	HRA balance £m	Major Repairs Reserve £m	Usable Capital Receipts Reserve £m	Capital Grants Unapplied Account £m	Total Usable Reserves £m
Depreciation, amortisation, impairment, and revaluation of non-current assets	(32.4)	-	**(32.4)**	(8.4)	(22.3)	-	-	**(63.0)**
Difference between HRA depreciation and Major Repairs Allowance	-	-	-	-	-	-	-	-
HRA Share of Contribution to Pension Reserve	-	-	-	-	-	-	-	-
Movement in the market value of Investment properties & Council dwellings	0.2	-	0.2	0.1	-	-	-	0.3
Revenue Expenditure Funded from Capital under Statute	(22.1)	-	(22.1)	-	-	-	-	(22.1)
Net (Gain)/Loss on sale of non-current assets (net book value of assets)	(32.7)	-	(32.7)	(9.7)	-	-	-	(42.4)
Net (Gain)/Loss on sale of non-current assets (disposal proceeds)	7.7	-	7.7	13.6	-	(21.3)	-	-
Difference between statutory debit/credit and amount recognised as income and expenditure in respect of financial instruments	0.7	-	0.7	-	-	-	-	0.7
Difference between amounts credited to the CIES and amounts to be recognised under statutory provisions relating to council tax	(3.2)	-	(3.2)	-	-	-	-	(3.2)
Net Charges made for retirement benefits in accordance with IAS 19	(30.8)	-	(30.8)	-	-	-	-	(30.8)
Capital Expenditure charged in the year to the General Fund	2.6	-	2.6	2.3	-	-	-	4.9
Transfer from Usable Capital Receipts to meet payments to Housing Capital Receipts Pool	-	-	-	-	-	-	-	-
Employer's contributions payable to the Pension Fund and retirement benefits paid directly to pensioners	40.1	-	40.1	-	-	-	-	40.1
Transfers of HRA balance	-	-	-	-	-	-	-	-
Capital grants and contributions unapplied credited to CIES	42.9	-	42.9	0.5	-	-	(43.4)	-
Application of Capital Grants and Contributions to capital financing transferred to the Capital adjustment account	-	-	-	-	-	-	43.4	43.4
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	2.7	-	2.7	-	-	-	-	2.7
Capital Expenditure Financed from Usable Capital Receipts	-	-	-	-	-	19.4	-	19.4

2023-2024 Part 1 – Usable reserves	General Fund balance £m	General Fund Earmarked Reserves £m	Total General Fund balance £m	HRA balance £m	Major Repairs Reserve £m	Usable Capital Receipts Reserve £m	Capital Grants Unapplied Account £m	Total Usable Reserves £m
Other income that cannot be credited to the General Fund	-	-	-	-	-	-	-	-
Revenue provision for the repayment of debt	27.0	-	27.0	12.8	-	-	-	39.8
Transfer of HRA Settlement Receipts to UCR	-	-	-	-	-	-	-	-
Use of Major Repairs Allowance to Finance Capital Spend	-	-	-	-	22.1	-	-	22.1
Capitalisation under Section 16(2)(b) directive	(2.3)	-	(2.3)	-	-	-	-	(2.3)
Loan receipts transferred to Capital adjustment account	-	-	-	-	-	-	-	-
Adjustments between Accounting Basis & Funding Basis under Regulations	**0.4**	**-**	**0.4**	**11.2**	**(0.2)**	**(1.9)**	**-**	**9.5**
Group contributions to/from Reserves (Group a/cs only)	-	-	-	-	-	-	-	-
Transfers to/from other Earmarked Reserves	(22.6)	22.0	(0.6)	0.6	-	-	-	-
Balance Carried Forward	**(17.0)**	**(65.0)**	**(82.0)**	**(7.2)**	**(2.9)**	**(10.2)**	**(0.9)**	**(103.1)**

2023-2024 Part 2 – Unusable reserves	Short-term Accumulating Compensated Absences Account £m	Financial Instruments Revaluation Reserve £m	Capital adjustment account £m	Collection Fund Adjustment Account £m	Financial Instruments Adjustment Account £m	Pensions Reserve £m	Revaluation reserve £m	Total Unusable Reserves £m	TOTAL RESERVES (Council) £m
Balance Brought Forward	**4.7**	**(20.7)**	**(618.4)**	**(6.7)**	**5.1**	**73.3**	**(225.5)**	**(788.2)**	**(909.5)**
(Surplus) or Deficit on Provision of Services	-	-	-	-	-	-	-	**-**	8.7
Other Comprehensive Income and Expenditure									
Revaluations - Gains and losses	-	-	-	-	-	-	(4.5)	**(4.5)**	(4.5)
Gains on Financial Instruments Revaluation Reserve	-	(2.6)	-	-	-	-	-	**(2.6)**	(2.6)
Amounts recycled (AFS Reserve) to the I&E Account after impairment or derecognition	-	-	-	-	-	-	-	**-**	-
Re-measurements in the pensions reserve	-	-	-	-	-	(9.7)	-	**(9.7)**	(9.7)
Share of other CI&E of Associates & Joint Ventures (Group a/cs only)	-	-	-	-	-	-	-	**-**	-
Total Comprehensive Income and Expenditure	**-**	**(2.6)**	**-**	**-**	**-**	**(9.7)**	**(4.5)**	**(16.8)**	**(8.1)**
Net Increase/Decrease before Transfers & Other Movements	**-**	**(2.6)**	**-**	**-**	**-**	**(9.7)**	**(4.5)**	**(16.8)**	**(8.1)**
Adjustments between Accounting Basis & Funding Basis under Regulations									
Depreciation, amortisation, impairment, and revaluation of non-current assets	-	-	60.5	-	-	-	2.5	**63.0**	-

2023-2024 Part 2 – Unusable reserves	Short-term Accumulating Compensated Absences Account £m	Financial Instruments Revaluation Reserve £m	Capital adjustment account £m	Collection Fund Adjustment Account £m	Financial Instruments Adjustment Account £m	Pensions Reserve £m	Revaluation reserve £m	Total Unusable Reserves £m	TOTAL RESERVES (Council) £m
Difference between HRA depreciation and Major Repairs Allowance	-	-	-	-	-	-	-	**-**	-
HRA Share of Contribution to Pension Reserve	-	-	-	-	-	-	-	**-**	-
Movement in the market value of Investment properties & Council dwellings	-	-	(0.3)	-	-	-	-	**(0.3)**	-
Revenue Expenditure Funded from Capital under Statute	-	-	22.1	-	-	-	-	**22.1**	-
Net (Gain)/Loss on sale of non-current assets (net book value of assets)	-	-	32.5	-	-	-	9.9	**42.4**	-
Net (Gain)/Loss on sale of non-current assets (disposal proceeds)	-	-	-	-	-	-	-	**-**	-
Difference between statutory debit/credit and amount recognised as income and expenditure in respect of financial instruments	-	-	-	-	(0.7)	-	-	**(0.7)**	-
Difference between amounts credited to the CIES and amounts to be recognised under statutory provisions relating to council tax	-	-	-	3.2	-	-	-	**3.2**	-
Net Charges made for retirement benefits in accordance with IAS 19	-	-	-	-	-	30.8	-	**30.8**	-
Capital Expenditure charged in the year to the General Fund	-	-	(4.9)	-	-	-	-	**(4.9)**	-
Transfer from Usable Capital Receipts to meet payments to Housing Capital Receipts Pool	-	-	-	-	-	-	-	**-**	-
Employer's contributions payable to the Pension Fund and retirement benefits paid directly to pensioners	-	-	-	-	-	(40.1)	-	**(40.1)**	-
Transfers of HRA balance	-	-	-	-	-	-	-	**-**	-
Capital grants and contributions unapplied credited to CIES	-	-	-	-	-	-	-	**-**	-
Application of Capital Grants and Contributions to capital financing transferred to the Capital adjustment account	-	-	(43.4)	-	-	-	-	**(43.4)**	-

2023-2024 Part 2 – Unusable reserves	Short-term Accumulating Compensated Absences Account £m	Financial Instruments Revaluation Reserve £m	Capital adjustment account £m	Collection Fund Adjustment Account £m	Financial Instruments Adjustment Account £m	Pensions Reserve £m	Revaluation reserve £m	Total Unusable Reserves £m	TOTAL RESERVES (Council) £m
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(2.7)	-	-	-	-	-	-	**(2.7)**	-
Capital Expenditure Financed from Usable Capital Receipts	-	-	(19.4)	-	-	-	-	**(19.4)**	-
Other income that cannot be credited to the General Fund	-	-	-	-	-	-	-	**-**	-
Revenue provision for the repayment of debt	-	-	(39.8)	-	-	-	-	**(39.8)**	-
Transfer of HRA Settlement Receipts to UCR	-	-	-	-	-	-	-	**-**	-
Use of Major Repairs Allowance to Finance Capital Spend	-	-	(22.1)	-	-	-	-	**(22.1)**	-
Capitalisation under Section 16(2)(b) directive	-	-	2.3	-	-	-	-	**2.3**	-
Loan receipts transferred to Capital adjustment account	-	-	-	-	-	-	-	**-**	-
Adjustments between Accounting Basis & Funding Basis under Regulations	**(2.7)**	**-**	**(12.5)**	**3.2**	**(0.7)**	**(9.3)**	**12.4**	**(9.5)**	**-**
							-		
Group contributions to/from Reserves (Group a/cs only)	-	-	-	-	-	-	-	**-**	-
Transfers to/from other Earmarked Reserves	-	-	-	-	-	-	-	**-**	-
Balance Carried Forward	**1.9**	**(23.3)**	**(630.9)**	**(3.5)**	**4.5**	**54.4**	**(217.6)**	**(814.5)**	**(917.6)**

2022-2023 Part 1 – Usable reserves	General Fund balance £m	General Fund Earmarked Reserves £m	Total General Fund balance £m	HRA balance £m	Major Repairs Reserve £m	Usable Capital Receipts Reserve £m	Capital Grants Unapplied Account £m	Total Usable Reserves £m
Balance Brought Forward	**(13.7)**	**(112.2)**	**(125.9)**	**(6.9)**	**(2.0)**	**(10.8)**	**(1.3)**	**(147.0)**
(Surplus) or Deficit on Provision of Services	**12.9**	-	**12.9**	**(53.5)**	-	-	-	**(40.6)**
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-
Revaluations - Gains and losses	-	-	-	-	-	-	-	-
Gains on Financial Instruments Revaluation Reserve	-	-	-	-	-	-	-	-
Amounts recycled (AFS Reserve) to the I&E Account after impairment or derecognition	-	-	-	-	-	-	-	-
Re-measurements in the pensions reserve	-	-	-	-	-	-	-	-
Share of other CI&E of Associates & Joint Ventures (Group a/cs only)	-	-	-	-	-	-	-	-
Total Comprehensive Income and Expenditure	**12.9**	-	**12.9**	**(53.5)**	-	-	-	**(40.6)**
Net Increase/Decrease before Transfers & Other Movements	**12.9**	-	**12.9**	**(53.5)**	-	-	-	**(40.6)**
Adjustments between Accounting Basis & Funding Basis under Regulations								
Depreciation, amortisation, impairment, and revaluation of non-current assets	(23.4)	-	**(23.4)**	35.4	(21.4)	-	-	**(9.4)**
Difference between HRA depreciation and Major Repairs Allowance	-	-	-	-	-	-	-	-
HRA Share of Contribution to Pension Reserve	-	-	-	-	-	-	-	-
Movement in the market value of Investment properties & Council dwellings	2.5	-	**2.5**	0.3	-	-	-	**2.8**

2022-2023 Part 1 – Usable reserves	General Fund balance £m	General Fund Earmarked Reserves £m	Total General Fund balance £m	HRA balance £m	Major Repairs Reserve £m	Usable Capital Receipts Reserve £m	Capital Grants Unapplied Account £m	Total Usable Reserves £m
Revenue Expenditure Funded from Capital under Statute	(16.2)	-	**(16.2)**	-	-	-	-	**(16.2)**
Net (Gain)/Loss on sale of non-current assets (net book value of assets)	(6.3)	-	**(6.3)**	(8.3)	-	-	-	**(14.6)**
Net (Gain)/Loss on sale of non-current assets (disposal proceeds)	0.3	-	**0.3**	10.4	-	(10.7)	-	**-**
Difference between statutory debit/credit and amount recognised as income and expenditure in respect of financial instruments	-	-	**-**	-	-	-	-	**-**
Difference between amounts credited to the CIES and amounts to be recognised under statutory provisions relating to council tax	25.1	-	**25.1**	-	-	-	-	**25.1**
Net Charges made for retirement benefits in accordance with IAS 19	(75.2)	-	**(75.2)**	-	-	-	-	**(75.2)**
Capital Expenditure charged in the year to the General Fund	2.3	-	**2.3**	3.0	-	-	-	**5.3**
Transfer from Usable Capital Receipts to meet payments to Housing Capital Receipts Pool	-	-	**-**	-	-	-	-	**-**
Employer's contributions payable to the Pension Fund and retirement benefits paid directly to pensioners	32.4	-	**32.4**	-	-	-	-	**32.4**
Transfers of HRA balance	-	-	**-**	-	-	-	-	**-**
Capital grants and contributions unapplied credited to CIES	45.5	-	**45.5**	0.1	-	-	(45.6)	**-**
Application of Capital Grants and Contributions to capital financing transferred to the Capital adjustment account	-	-	**-**	-	-	-	46.1	**46.1**
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(0.8)	-	**(0.8)**	-	-	-	-	**(0.8)**
Capital Expenditure Financed from Usable Capital Receipts	-	-	**-**	-	-	18.2	-	**18.2**
Other income that cannot be credited to the General Fund	-	-	**-**	-	-	-	-	**-**
Revenue provision for the repayment of debt	24.4	-	**24.4**	12.4	-	-	-	**36.8**
Transfer of HRA Settlement Receipts to UCR	-	-	**-**	-	-	-	-	**-**
Use of Major Repairs Allowance to Finance Capital Spend	-	-	**-**	-	20.8	-	-	**20.8**

2022-2023 Part 1 – Usable reserves	General Fund balance £m	General Fund Earmarked Reserves £m	Total General Fund balance £m	HRA balance £m	Major Repairs Reserve £m	Usable Capital Receipts Reserve £m	Capital Grants Unapplied Account £m	Total Usable Reserves £m
Capitalisation under Section 16(2)(b) directive	-	-	**-**	-	-	-	-	**-**
Loan receipts transferred to Capital adjustment account	-	-	**-**	-	-	(5.0)	-	**(5.0)**
Adjustments between Accounting Basis & Funding Basis under Regulations	**10.7**	**0.0**	**10.7**	**53.2**	**(0.6)**	**2.6**	**0.4**	**66.3**
Group contributions to/from Reserves (Group a/cs only)	-	-	**-**	-	-	-	-	**-**
Transfers to/from other Earmarked Reserves	(25.3)	25.3	**-**	-	-	-	-	**-**
Balance Carried Forward	**(15.3)**	**(87.0)**	**(102.3)**	**(7.2)**	**(2.7)**	**(8.2)**	**(0.9)**	**(121.3)**

2022-2023 Part 2 – Unusable reserves	Short-term Accumulating Compensated Absences Account £m	Financial Instruments Revaluation Reserve £m	Capital adjustment account £m	Collection Fund Adjustment Account £m	Financial Instruments Adjustment Account £m	Pensions Reserve £m	Revaluation reserve £m	Total Unusable Reserves £m	TOTAL Reserves (council) £m
Balance Brought Forward	**3.9**	**(7.7)**	**(530.3)**	**18.5**	**5.2**	**581.0**	**(195.4)**	**(124.5)**	**(271.5)**
(Surplus) or Deficit on Provision of Services	-	-	-	-	-	-	-	-	(40.6)
Other Comprehensive Income and Expenditure									
Revaluations - Gains and losses	-	-	-	-	-	-	**(33.7)**	(33.7)	(33.7)
Gains on Financial Instruments Revaluation Reserve	-	**(13.0)**	-	-	-	-	-	(13.0)	(13.0)
Amounts recycled (AFS Reserve) to the I&E Account after impairment or derecognition	-	-	-	-	-	-	-	-	-
Re-measurements in the pensions reserve	-	-	-	-	-	**(550.6)**	-	(550.6)	(550.6)
Share of other CI&E of Associates & Joint Ventures (Group a/cs only)	-	-	-	-	-	-	-	-	-
Total Comprehensive Income and Expenditure	-	**(13.0)**	-	-	-	**(550.6)**	**(33.7)**	**(597.4)**	**(638.0)**
Net Increase/Decrease before Transfers & Other Movements	**-**	**(13.0)**	**-**	**-**	**-**	**(550.6)**	**(33.7)**	**(597.4)**	**(638.0)**
Adjustments between Accounting Basis & Funding Basis under Regulations									
Depreciation, amortisation, impairment, and revaluation of non-current assets	-	-	6.9	-	-	-	2.5	**9.3**	**-**

2022-2023 Part 2 – Unusable reserves	Short-term Accumulating Compensated Absences Account £m	Financial Instruments Revaluation Reserve £m	Capital adjustment account £m	Collection Fund Adjustment Account £m	Financial Instruments Adjustment Account £m	Pensions Reserve £m	Revaluation reserve £m	Total Unusable Reserves £m	TOTAL Reserves (council) £m
Difference between HRA depreciation and Major Repairs Allowance	-	-	-	-	-	-	-	**-**	**-**
HRA Share of Contribution to Pension Reserve	-	-	-	-	-	-	-	**-**	**-**
Movement in the market value of Investment properties & Council dwellings	-	-	(2.8**)**	-	-	-	-	**(2.8)**	**-**
Revenue Expenditure Funded from Capital under Statute	-	-	16.2	-	-	-	-	**16.2**	**-**
Net (Gain)/Loss on sale of non-current assets (net book value of assets)	-	-	13.7	-	-	-	0.8	**14.6**	**-**
Net (Gain)/Loss on sale of non-current assets (disposal proceeds)	-	-	-	-	-	-	-	**0.0**	**-**
Difference between statutory debit/credit and amount recognised as income and expenditure in respect of financial instruments	-	-	-	-	-	-	-	**0.0**	**-**
Difference between amounts credited to the CIES and amounts to be recognised under statutory provisions relating to council tax	-	-	-	**(25.1)**	-	-	-	**(25.1)**	**-**
Net Charges made for retirement benefits in accordance with IAS 19	-	-	-	-	-	75.2	-	**75.2**	**-**
Capital Expenditure charged in the year to the General Fund	-	-	**(5.3)**	-	-	-	-	**(5.3)**	**-**
Transfer from Usable Capital Receipts to meet payments to Housing Capital Receipts Pool	-	-	-	-	-	-	-	**-**	**-**
Employer's contributions payable to the Pension Fund and retirement benefits paid directly to pensioners	-	-	-	-	-	**(32.4)**	-	**(32.4)**	**-**
Transfers of HRA balance	-	-	-	-	-	-	-	**-**	**-**
Capital grants and contributions unapplied credited to CIES	-	-	-	-	-	-	-	**-**	**-**
Application of Capital Grants and Contributions to capital financing transferred to the Capital adjustment account	**-**	**-**	(46.1)	**-**	**-**	**-**	**-**	**(46.1)**	**-**

2022-2023 Part 2 – Unusable reserves	Short-term Accumulating Compensated Absences Account £m	Financial Instruments Revaluation Reserve £m	Capital adjustment account £m	Collection Fund Adjustment Account £m	Financial Instruments Adjustment Account £m	Pensions Reserve £m	Revaluation reserve £m	Total Unusable Reserves £m	TOTAL Reserves (council) £m
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0.8	-	-	-	-	-	-	**0.8**	**-**
Capital Expenditure Financed from Usable Capital Receipts	-	-	(18.2)	-	-	-	-	**(18.2)**	**-**
Other income that cannot be credited to the General Fund	-	-	-	-	-	-	-	**-**	**-**
Revenue provision for the repayment of debt	-	-	(36.8)	-	-	-	-	**(36.8)**	**-**
Transfer of HRA Settlement Receipts to UCR	-	-	-	-	-	-	-	**-**	**-**
Use of Major Repairs Allowance to Finance Capital Spend	-	-	(20.8)	-	-	-	-	**(20.8)**	**-**
Capitalisation under Section 16(2)(b) directive	-	-	-	-	-	-	-	**-**	**-**
Loan receipts transferred to Capital adjustment account	-	-	5.0	-	-	-	-	**5.0**	**-**
Adjustments between Accounting Basis & Funding Basis under Regulations	**0.8**	**-**	**(88.1)**	**(25.1)**	**-**	**42.9**	**3.3**	**(66.3)**	**-**
Group contributions to/from Reserves (Group a/cs only)	-	-	-	-	-	-	-	**-**	**-**
Transfers to/from other Earmarked Reserves	-	-	-	-	-	-	-	**-**	**-**
Balance Carried Forward	**4.7**	**(20.7)**	**(618.4)**	**(6.7)**	**5.1**	**73.3**	**(225.6)**	**(788.2)**	**(909.5)**

Adjustments between group accounts and council accounts

The following adjustments are made in the group's Movement in Reserves Statement in order to reconcile the General Fund balance back to its council position prior to funding adjustments being made.

	2022-2023 £m	2023-2024 £m
Provision of goods and services to subsidiaries	5.4	3.7
Provision of goods and services from subsidiaries	58.2	65.8
	63.6	**69.4**

13B Description of reserves

Usable Reserves

Revenue	
General Fund balance	The General Fund is the statutory fund into which all the receipts of the Council are required to be paid, and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund balance, which is not necessarily in accordance with proper accounting practice. The General Fund balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year (however, the balance is not available to be applied to funding HRA services: see Housing Revenue Account balance below).
Housing Revenue Account balance	The Housing Revenue Account balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in

	connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.
General Fund earmarked reserves	General Fund earmarked reserves represent amounts that the Council has chosen to set aside to fund specific items of expenditure in the future. Some of those reserves are held due to either specific criteria associated with funding, legal requirements, or accounting practice. The overall balance of £65.0 million earmarked reserves include: specific reserves for section 31 grant funding for business rates reliefs, including those granted to support businesses during the Covid-19 pandemic, which was received during 2020-2021 and 2021-2022 but will in part offset the deficit from the Collection Fund that will be charged in future years, Schools Reserves (£12.4 million), the Re-organisation Reserve (£5.0 million), Future Years Budget Strategy Reserve (£7.6 million), Sustainable MTFS Reserves (£6.4 million) and the Budget Contingency Reserve (£4.8 million).

Capital	
Major repairs reserve	The Council is required to maintain the major repairs reserve, which controls the application of the Major Repairs Allowance (MRA). The MRA is restricted to being applied to new capital investment in HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the MRA that has yet to be applied at the year end.
Capital receipts reserve	The capital receipts reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.
Capital grants unapplied account	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.

Unusable Reserves

Revaluation reserve	The revaluation reserve contains the gains made by the Council arising from increases in the value of its property, plant, and equipment. The balance is reduced when assets with accumulated gains are revalued downwards or impaired and the gains are lost, used in the provision of services and the gains are consumed through depreciation, or disposed of and the gains are realised. The reserve only contains 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.
Available-for-sale financial instruments reserve	The available-for-sale financial instruments reserve contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are revalued downwards or impaired and the gains are lost or disposed of, and the gains are realised.
Capital adjustment account	The capital adjustment account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction, or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (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. It also contains revaluation gains accumulated on Property, plant and equipment before 1 April 2007, the date that the revaluation reserve was created to hold such gains.
Financial instruments adjustment account	The financial instruments adjustment account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.
Pensions reserve	The pensions reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The 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 pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the 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.
Collection Fund adjustment account	The Collection Fund adjustment account manages the differences arising from the recognition of council tax and business rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.
Short-term accumulating compensated absences account	The short-term accumulating compensated absences account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year, for example annual leave entitlement not yet used at 31 March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the account.

13C Movement in specific earmarked reserves

The following table analyses the Council's earmarked reserves, in the format reported to the Cabinet:

Balance at 31 March 2022 £m	Transfers Out £m	Transfers To £m	Balance at 31 March 2023 £m	Earmarked Reserves	Balance at 31 March 2023 £m	Transfers Out £m	Transfers To £m	Balance at 31 March 2024 £m
(19.8)	4.9	(1.5)	(16.4)	Risk Management	(16.4)	4.3	-	(12.2)
(20.9)	2.7	(1.9)	(20.1)	Investment	(20.0)	6.6	(1.0)	(14.4)
(18.6)	12.5	(6.6)	(12.7)	Smoothing	(12.6)	5.8	(1.9)	(8.7)
(37.8)	18.4	(3.3)	(22.7)	Restricted	(22.8)	8.1	(2.9)	(17.6)
(15.2)	2.9	(2.8)	(15.1)	Schools Reserves	(15.2)	4.8	(2.0)	(12.4)
(112.3)	**41.4**	**(16.1)**	**(87.0)**	**Total**	**(87.0)**	**29.6**	**(7.8)**	**(65.3)**

Note 14 Notes to the Cash Flow Statement (Council and group)

14A Adjustment for non-cash movements:

2022-2023			2023-2024	
Council £m	***Group £m***		**Council £m**	***Group £m***
-	*(3.1)*	(Decrease)/Increase in Inventories	0.1	*2.7*
(0.8)	*2.5*	(Decrease)/Increase in Current Receivables	11.3	*8.5*
26.8	*28.6*	Decrease/(Increase) in Current Payables	(16.3)	*(17.2)*
-	-	Decrease in taxation	-	-
(45.2)	*(45.2)*	Depreciation, Amortisation, and Impairment of Non-Current Assets	(47.4)	*(47.4)*
38.7	*38.7*	Revaluations of Non-Current Assets	(15.3)	*(15.3)*
(14.6)	*(14.6)*	Net Book Value on Disposal of Property, plant and equipment, Investment Property and Intangible assets	(42.4)	*(42.4)*
(75.3)	*(86.4)*	Net Charges made for retirement benefits in accordance with IAS 19	(30.8)	*(32.5)*
8.7	*12.6*	Employer's contributions payable to the Pension Fund and retirement benefits paid directly to pensioners	40.1	*40.1*
23.7	*23.7*	Employer's contributions upfront payments to the Pension Fund	-	-
1.9	*1.9*	Net Movement in Provisions	(0.4)	*(0.4)*
-	-	Non-Current Borrowing - Revaluation	0.7	*0.7*
(36.2)	***(41.4)***		**(100.4)**	***(103.1)***

14B Adjustment for items that are investing and financing activities:

2022-2023			2023-2024	
Council	***Group***		**Council**	***Group***
£m	***£m***		**£m**	***£m***
10.6	*10.6*	Proceeds from the sale of Property, plant and equipment, Investment Property and Intangible assets	21.4	*21.4*
45.6	*45.6*	Capital grants received	43.4	*43.4*
56.2	***56.2***		**64.8**	***64.8***

14C Net cash flows from operating activities

The cash flows from operating activities include the following items:

2022-2023			2023-2024	
Council	***Group***		**Council**	***Group***
£m	***£m***		**£m**	***£m***
35.7	*35.0*	Interest paid	35.7	*36.0*
(1.5)	*(1.5)*	Interest received	(1.9)	*(1.9)*
-	-	Dividends received	-	-
34.1	***33.5***		**33.8**	***34.0***

Note 15 Accounting policies.

1. General principles

The Statement of Accounts summarises the Council's transactions for the 2023-2024 financial year and its position at 31 March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023-2024 and the Service Reporting Code of Practice 2023-2024, supported by International Financial Reporting Standards (IFRS).

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.

2. Group accounts

The group accounts combine the accounts of the Council, Wolverhampton Homes Limited and WV Living (City of Wolverhampton Housing Company Limited) and shows them as if they were one. Throughout the financial statements (Section 4) the numbers in italics relate to the group. Non-italic numbers relate to the Council only. These figures are usually combined in the same table, but occasionally owing to space, they are shown in separate tables. Where there is only one figure given, this means that the figure is the same for the group and the Council.

3. Recognition 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 the contracts with service recipients whether for the provision of goods or services is recognised when 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.
- 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 in financing and investment income and expenditure for the income that might not be collected.
- Manual accruals are only processed for amounts of £10,000 or more except where the expenditure is by schools or funded directly from external grants.

The above is in accordance with IFRS 15 ‘Revenue from Contracts with Customers’ which became effective in 2018-2019. IFRS 15 applies to all contracts with customers (apart from some exceptions which fall under the scope of other accounting standards e.g., leases, financial instruments, insurance contracts). The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 focuses on the satisfaction of performance obligations; IFRS 15 provides a standardised five-step model to recognise all types of revenue earned from customer contracts. The Council has considered all of its revenue streams (including any potential staged receipts and receipts spanning financial years) across the group.

4. Accounting for council tax

- While the council tax income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the authority's General Fund or paid out from the Collection Fund to the major preceptors. The amount credited to the General Fund under statute is an authority's precept or demand for the year, plus or minus the authority’s share of the surplus/deficit on the Collection Fund for the previous year.
- The council tax income included in the Comprehensive Income and Expenditure Statement is the council’s share of the Collection Fund’s accrued income for the year. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement. Revenue relating to council tax shall be measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

- The cash collected by the authority from council taxpayers belongs proportionately to all the major preceptors. The difference between the amounts collected on behalf of the other major preceptors and the payments made to them is reflected as a debtor or creditor balance as appropriate.

5. Accounting for business rates (national non-domestic rates – NNDR)

- The business rates income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and paid out to major preceptors (excluding police bodies) and the Government. The amount credited to the General Fund under statute is the authority's estimated share of business rates for the year from the national non-domestic rates (NNDR) 1 return.
- The business rates income included in the Comprehensive Income and Expenditure Statement is the authority's share of the Collection Fund's accrued income for the year from the NNDR 3 return. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement. Revenue relating to business rates shall be measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.
- The cash collected by the authority from business rates payers belongs proportionately to all the major preceptors (excluding police bodies) and Government. The difference between the amounts collected on behalf of the other major preceptors, government and the payments made to them is reflected as a debtor or creditor balance as appropriate.

6. Cash and cash equivalents

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

7. 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 or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

8. Prior period adjustments, changes in accounting policies and 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.

9. Charges to revenue for non-current assets

Services, support services and trading accounts are charged with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation reserve against which the losses can be written off.
- Amortisation of Intangible assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations, however, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (calculated on a prudent basis determined by the Council in accordance with statutory guidance). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund balance, known as Minimum Revenue Provision, by way of an adjusting transaction with the Capital adjustment account in the Movement in Reserves Statement.

10. Employee benefits

Benefits payable during employment - Short-term employee benefits are those due to be settled in their entirety 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 (and any other form of leave) earned by employees but not taken before the year end, and which employees can carry forward into the next financial year. The accrual is made at the 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 through the Movement in Reserves Statement to the accumulated absences account 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 in exchange for those benefits, and are charged on an accruals basis in the Comprehensive Income and Expenditure Statement at the earlier of the point at which the authority can no longer withdraw the offer of those benefits or when the authority recognises the costs of the restructure.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the pensions reserve to remove the notional debits and credits for pension enhancement termination 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.

Post-employment benefits - Employees of the Council are members of three separate pension schemes:

- The Teachers’ Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education.
- The NHS Pension Scheme administered by EA Finance NHS Pensions; and
- The Local Government Pensions Scheme administered by West Midlands Pension Fund.

These schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees working for the Council. The arrangements, however, for the teachers' scheme and NHS schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet. The Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pension Scheme and NHS Pension Scheme in the year respectively.

The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme. The liabilities of the West Midlands Pension Fund 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 the retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc and projections of earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate based on the redemption yields on AA-rated corporate bonds with a term corresponding to the term of the liabilities. The assets of West Midlands Pension Fund attributable to the Council are included in the Balance Sheet at their fair value, which varies depending on the type of asset:

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

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

Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- 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 provisions of services in the Comprehensive Income and Expenditure Statement.
- Net interest on the net defined benefit liability/asset, i.e. net interest expense for the council – the change during the period in the net defined benefit liability / asset that arises from the passage of time charged to the financing and investment income and

expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability/asset at the beginning of the period – taking into account any changes in the net defined benefit liability/asset during the period as a result of contribution and benefit payments.

- Changes in valuations comprising:
- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability/asset – charged to the pensions reserve as other comprehensive income and expenditure.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the pensions reserve and recognised as other comprehensive income and expenditure in the Comprehensive Income and Expenditure Statement.
- Contributions paid to the West Midlands Pension Fund – cash paid as the 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 or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers 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 negative balance that arises on the pensions reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary benefits - The Council 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.

11. Events after the reporting period

Events after the Balance Sheet reporting period are those events, both favourable and unfavourable, that occur between the Balance Sheet date, 31 March 2024, and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period - the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

12. Financial instruments

Financial liabilities - Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument 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 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 borrowing that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest), and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement. Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund balance is managed by a transfer to or from the financial instrument's 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 two main classes of financial assets measured at:

- Amortised costs.
- Fair value through other comprehensive income (FVOCI).

The Council'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 Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For loans the Council has made, the amount presented in the Balance Sheet is 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 Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement. Any gains and losses that arise on the derecognition of an asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

Expected credit loss model.

The Council recognises expected credit losses on all of its financial assets (except where the counterparty is Central Government or a local authority) held at amortised cost or FVOCI, either on a 12-month or lifetime basis. A simplified approach has been applied to trade receivables, finance lease receivables and operating lease receivables, whereby impairment losses are automatically based on lifetime expected credit losses. Impairment losses on loans and financial guarantees 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 other comprehensive income.

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in other comprehensive income and expenditure (and taken to the financial instruments revaluation reserve), except for impairment gains or losses, until the financial asset is derecognised. 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
- Equity shares with no quoted market prices – independent appraisal of company valuations.

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.

When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from reserves to surplus or deficit on the provision of services as a reclassification adjustment.

Under accounting standard IFRS 9 'Financial Instruments', all assets previously held within the Available for Sale Financial Instruments reserve have been elected as fair value through other comprehensive income. As a result of this all balances held within the reserve have been transferred into the newly created financial instruments revaluation reserve.

13. Government grants and contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that the Council will comply with the conditions attached to the payments, and the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset received in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the grant issuing body.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line, attributable Revenue Grants and Contributions, or Taxation and non-specific grant income and expenditure (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the capital grants unapplied reserve. Where it has been applied, it is posted to the capital adjustment account. Amounts in the capital grants unapplied reserve are transferred to the capital adjustment account once they have been applied to fund capital expenditure.

14. 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) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council. Expenditure on the development of websites is not capitalised if the websites are 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. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. 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 Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement.

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 Reverses Statement and posted to the capital adjustment account and, for any sale proceeds greater than £10,000, the capital receipts reserve.

15. Interests in companies and other entities

The Council has three subsidiary entities: Wolverhampton Homes Limited, Yoo Recruit Ltd and WV Living (City of Wolverhampton Housing Company Limited). Due to materiality only, Wolverhampton Homes Limited and WV Living are required to be consolidated in the group accounts statements. The Council has no other material interests in companies or other entities that have the nature of a subsidiary, associate, or jointly controlled entity.

Investments in limited by guarantee companies - The Council has investments in companies limited by guarantee, for example ConnectEd Partnership, Wolverhampton Homes. These investments are valued at cost in the Council's accounts. Income and expenditure transactions are recognised in the Council's financial statements.

Schools - The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority-maintained schools (i.e., those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the Council. The Code also stipulates that those schools' assets, liabilities, reserves, and cash flows are recognised in the Council financial statements (and not the group accounts).

Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council.

16. Inventories

Inventories held by the Council relate to consumables and are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is determined using the weighted average costing formula. Long-term contracts are accounted for on the basis of charging the surplus or deficit on the provision of services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

The inventories held by the group predominantly relate to properties in development stage and are stated at the lower of cost and estimated selling price less costs to complete and sell which is equivalent to the net realisable value. Cost comprises direct materials and, where applicable, directly attributable expenditure in relation to the acquisition and development of the properties. At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

17. 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 are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the financing and investment income and expenditure 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 transferred to the capital adjustment account and, for any sale proceeds greater than £10,000, the capital receipts reserve.

18. Jointly controlled arrangements

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation the Council, as a joint operator, recognises:

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

19. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant, or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

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

The Council as lessee: finance leases - Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception or the present value of the minimum lease payments, if lower. The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the 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 which is charged to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

Property, plant, and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life where ownership of the asset does not transfer to the 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, by way of an adjusting transaction with the capital adjustment account in the Movement in Reserves Statement for the difference between the two.

The Council as lessee: operating leases - Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement 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.

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 assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain representing the Council's net investment in the lease is credited to the same line in the Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement 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 transferred 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 transferred 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.

The write-off value of disposals is not a charge against council tax, as the cost of non-current asset 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.

The Council as lessor: 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 Comprehensive Income and Expenditure Statement. 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).

20. Overheads and support services

The costs of overheads and support services are charged to those that benefit from the supply or service. The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received.

21. Property, plant, and equipment

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

Recognition - Expenditure on the acquisition, creation, or enhancement of property, plant and equipment is capitalised on an accrual's 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.

Measurement - Assets are initially measured at cost, comprising the purchase price and 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, subject to a de-minimis value of £100,000 for land and property and heritage assets and £10,000 for new vehicles, plant, and equipment. The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of an asset 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.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the taxation and non-specific grant income line of the Comprehensive Income and Expenditure Statement unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance to the capital adjustment account in the Movement in Reserves Statement.

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

- Infrastructure, community assets and assets under construction - depreciated historical cost.
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH).
- Council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), except for a few offices that are situated close to the Council's housing properties, where there is no market for office accommodation, and that are measured at depreciated replacement cost (instant build) as an estimate of current value.
- School buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value.
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- All other assets - current 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 current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. Where non-property assets have short useful lives or low values (or both), the depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end. Assets with a net book value over £1 million are valued annually and other assets at least every five years. Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains. Gains are credited to the surplus or deficit on the provision of services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- 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 Comprehensive Income and Expenditure Statement.

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.

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 by:

- 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 Comprehensive Income and Expenditure Statement.

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

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 certain community assets) and assets that are not yet available for use (i.e., assets under construction). Depreciation is charged on surplus assets.

Depreciation is calculated on the following bases:

- Dwellings and other buildings - straight-line allocation over the useful life of the property or component as estimated by the valuer.
- Vehicles, plant, furniture, and equipment - straight-line allocation over the useful life of the asset.
- Infrastructure - straight-line allocation over 50 years.

Depreciation is not charged in the year of acquisition and charged in full in the year of disposal.

Where an item of property, plant and equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. 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.

Disposals and non-current 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 Comprehensive Income and Expenditure Statement, as part of the gain or loss on disposal. Receipts from disposals, if any, are credited to the same line in the Comprehensive Income and Expenditure Statement 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. A proportion of receipts relating to housing disposals is payable to the government. The balance of receipts is required to be credited to the capital receipts reserve and can then only be used for new capital investment (or set aside to reduce the Council's underlying need to borrow (the capital financing requirement)). Receipts are appropriated to the capital receipts 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 property, plant and equipment 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.

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 current 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 Comprehensive Income and Expenditure Statement. Gains in current value are recognised only up to the amount of any previous losses recognised in the surplus or deficit on provision of services. Depreciation is not charged on assets held for sale.

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

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

22. Private finance initiatives (PFI) and similar contracts

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

The original recognition of these assets at fair value, based on the cost to purchase the property, plant, and equipment, was balanced by the recognition of a liability for amounts due to the scheme operator, from the Council and third parties where relevant, to pay for the capital investment. Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

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

- **Fair value of the services received during the year -** charged to the relevant service in the Comprehensive Income and Expenditure Statement.
- **Finance cost -** an interest charge on the outstanding Balance Sheet liability, charged to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.
- **Contingent rent -** increases in the amount to be paid for the property arising during the contract, charged to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.
- **Payment towards liability -** applied to write down the Balance Sheet liability to the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).
- **Lifecycle replacement costs -** a proportion of the amount’s payable is posted to the Balance Sheet as a prepayment and then recognised as additions to property, plant, and equipment when the relevant works are eventually carried out.

Third party income is recognised in the Comprehensive Income and Expenditure Statement, reflecting the extent to which the asset and the service are financed by third party income.

23. Provisions, contingent liabilities and contingent assets

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 making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement 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.

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.

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.

24. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring 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 against the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement. 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, local taxation, retirement, and employee benefits, and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

25. Revenue expenditure funded from capital under statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation or enhancement of a non-current asset is charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council determines to meet the cost of this expenditure from capital resources, a transfer in the Movement in Reserves Statement from the General Fund balance to the capital adjustment account then reverses out the amounts charged so that there is no impact on the level of council tax.

26. Value added tax (VAT)

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

27. Pension fund accounts

As a result of Local Government Reorganisation on 1 April 1986, the Council assumed responsibility for administering the West Midlands Pension Fund. The fund's accounts are separately prepared and are included within these accounts. The accounting policies for the pension fund can be found at note P3 in the accounts.

Copies of the fund's accounts and annual report are available on request from the Director of Finance, Civic Centre, Wolverhampton, WV1 1RL.

28. Heritage assets

Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant, and equipment, with the following exceptions:

- Where there is no market-based evidence of fair value, insurance valuation is used as an estimate of current value.
- There is no cyclical revaluation of heritage assets, which instead are kept under review for impairment on an annual basis.
- The groupings used to classify property, plant and equipment assets are not used for heritage assets.

29. Pension guarantees

The Council has provided guarantees to a number of organisations at the point they were admitted to West Midlands Pension Fund, to fund any potential pension liability. These guarantees are treated as Insurance Contracts in accordance with IFRS 4, rather than financial guarantees under IFRS 9, as the Council considers that the non-financial risks covered by the guarantees (for example regarding mortality rates and demographics) are more significant than the financial risks. Each year, the Council assesses the probability of the guarantees being called using various factors: the pension liability is derived from the triennial valuation or the IAS19 statement (if available) and risk of failure of the business is derived from Creditsafe Business Failure Scores. If, by multiplying the pension liability by the risk of failure, a significant potential liability arises, it is recognised in the Comprehensive Income and Expenditure Statement.

30. Pooled budgets

The Council takes part in two pooled budget schemes with West Midlands Integrated Care Board (ICB). The first scheme relates to the integrated service for child placements with external agencies for children with social care, education, and health needs. The Council incurs the expenditure and receives a contribution from ICB towards the costs. The second scheme relates to the commissioning of health and social care services under the Better Care Fund (BCF). Again, the Council incurs the expenditure and receives funding through a contribution from ICB and local government grants. All income and expenditure are recorded in the Comprehensive Income and Expenditure Statement.

31. Trust funds

The Council acts as trustee for a number of historic trust funds. These funds are not recorded on the balance sheet as they are not owned by the Council. At the end of each financial year, the trust funds on the ledger are reviewed and appropriate accounting entries are made. A separate note (Note 12) is included within the financial statements showing the income, expenditure, and balances of the trust funds for this financial year and the prior financial year.

A number of the funds are held in the Council's bank account and each year the interest is calculated and applied to the account. Any external interest received by the Council is added to the individual funds on the ledger.

Note 15A Changes in accounting policies and accounting estimates from previous year.

None

Note 15B Critical judgements made when applying the accounting policies.

In applying the accounting policies set out in this note, the Council has made judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are as follows:

Schools

Schools within Wolverhampton are managed in a variety of ways including council community schools, voluntary aided schools, voluntary controlled schools and academies. The Council has reviewed each school on a case-by-case basis and considered the extent to which the Council has control over the school in respect to the employment of staff, governance arrangements, maintenance of the land and buildings and admissions, in order to assign them to one of the categories below:

- **Academy schools** – Academies are entirely separate entities to the Council and therefore the Council has no control over the operation of the school. Land and buildings are transferred to the academies through a standard 125 year lease. It is anticipated that these arrangements will continue and, therefore, substantially all associated risks and rewards of ownership are transferred. For academy schools the assets and liabilities are not consolidated into the Council's balance sheet and the non-current assets are derecognised.
- **Voluntary aided-schools** – A separate trustee has substantial influence and control over the voluntary aided school. A governing body is appointed by the trustee to manage the school’s operation and maintenance. In Wolverhampton, the relevant trustees are The Archdiocese of Birmingham and the Diocese of Lichfield. Since the Council does not have substantial control over these schools the related assets are not consolidated in the balance sheet.
- **Voluntary controlled schools** – It is determined that the Council has substantial control over these schools since the Council determines the admission criteria and maintains the land and buildings. The assets relating to voluntary controlled schools are, therefore, consolidated in the balance sheet of the Council.

Private finance initiatives (PFI) contracts

The Council provides services, via private sector partners, under a PFI or PFI-type contracts in three areas: The Bentley Bridge Leisure Centre, the Highfields and Penn Fields School contract and the St. Matthias School and Heath Park Academy contract. In the Bentley Bridge Leisure Centre and the Highfields and Penn Fields Schools contracts, it has been determined that the Council controls the use of the relevant non-current assets and, as a result the relevant assets and corresponding liabilities were recognised in the Council's balance sheet. Subsequent to the commencement of the Highfields and Penn Fields schools' contract, Highfields School converted to an academy, in the 2014-2015 financial year, and as the Council no longer has control over the asset and the services to be provided, it was determined by the Council that the asset for Highfields School should be de-recognised. The contract for St. Matthias School and Heath Park Academy commenced during 2015-2016. Both assets have been initially recognised in the Council's Balance Sheet, however, as Heath Park Academy is an existing academy and the Council has no control over the asset and services to be provided, the asset for this school has subsequently been de-recognised in the Council's Balance Sheet. St. Matthias School is still under the control of the Council and, accordingly, this asset remains on the Council's Balance Sheet. In the cases of both academies de-recognised, the PFI liabilities remain on the Council's balance sheet, being funded by capital grants from central government and contributions from the academies as detailed in note 10F.

Business rates

Following the changes to business rates retention, which commenced on 1 April 2014, Councils have assumed the liability for refunding rate payers who successfully appeal against the rateable value of their properties, including amounts that were paid to the government in 2012-2013 and earlier. The Council has set aside a provision for these refunds, calculated using the Valuation Office list of ratings appeals data.

The outcome of the appeals is determined solely by the Valuation Office, therefore at year end, in order to make a provision, the Council makes a judgement about the appeals likely to be successful, based upon historical and current information available at that point in time. The final outcome of the appeals could differ to the judgement made and could impact on future years accounts.

Note 15C 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 Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends, and other relevant factors. Because balances, however, 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 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Pensions net liability

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. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The following table sets out the impact on the net pension liability if different assumptions had been made in certain key areas. Further sensitivity analysis can be found in Note 9.

Variation to Assumptions	**Impact on Net Liability**	
	Council	***Group***
Discount Rate 0.1% higher	Decrease of £25.5 million	*Increase of £29.1 million*
Rate of Inflation 0.1% p.a. higher	Increase of £25.0 million	*Increase of £28.4 million*
Rate of increase in salaries 0.1% p.a. higher	Increase of £1.0 million	*Increase of £1.3 million*
Life expectancy of scheme members 1 year higher	Increase of £57.9 million	*Increase of £65.0 million*

Pensions assets

Certain types of investments are not publicly listed and, as such, there is a degree of estimation involved in their valuation.

IAS 19 and IFRIC 14 – Defined pension obligations

The Council will use the information provided by the qualified actuaries to prepare Note 9. The initial valuation provided by the actuary was a net asset position for the funded pension scheme of £72.8 million. In line with IFRIC 14, the net pension asset has been reduced to zero. As it does not have an unconditional right to a refund from the Pension Fund therefore no economic benefit can be recognised.

As the council retains an unfunded obligation element to its Pension Fund, this has remained as a net pension liability on the Balance sheet of £54.7 million.

However, no additional liability has been included for the past service element of the pension scheme. If this was accounted for this would be an additional net pension liability of £40.5 million.

At the time of publication, the treatment of the additional pension liability for the past service element is still under review nationally.

Effect if actual results differ from assumptions.

The use of estimates for investment values is greatest for those assets classified at Level 3 which means there is a risk that these investments may be over/under stated in the accounts. The total value of Level 3 investments for the pension fund is £4,669.5 million at 31 March 2024, therefore £326.9 million for the Council (7% share).

Property, plant, and equipment

The valuers for the Council's property assets have not issued any material uncertainty statements with regards to the valuations carried out for 2023-2024. However, as with all valuations there is an element of uncertainty as all valuations are an estimate of value which cannot be fully demonstrated unless a property is sold.
Therefore, the Council has carried out a sensitivity analysis on all property values to determine the potential impact if there were variations in asset values based on a global 1% or 5% or 10% change in value with summary shown in following table:

	Assets value as at 31 March 2024	Change in Valuation		
		1%	5%	10%
	£m	£m	£m	£m
Council dwellings	1,039.7	10.4	52.0	104.0
Other land and buildings	550.9	5.5	27.5	55.1
Surplus assets	20.5	0.2	1.0	2.1
Investment properties	27.9	0.3	1.4	2.8
	1,639.0	**16.4**	**82.0**	**163.8**

1% fluctuation in council dwellings and other land and buildings values would amount to a £15.9 million movement in property plant and equipment balance shown on the Balance Sheet.

The valuations are heavily sensitive to assumptions and can be influenced by economic circumstances which can change from year to year.

Assets valued on a depreciated replacement cost (DRC) basis are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase in these circumstances.

Of the Council's total operational land and buildings approximately 79.1% are valued on a DRC basis. These are calculated using the Building Cost Information Service (BCIS) index which are based on the construction costs for a modern equivalent asset (MEA). The types of assets valued at MEA DRC include schools.

After initial recognition Investment properties would be measured at fair value. Fair value is the price that would be received to sell an asset between market participants at the measurement date. Investment properties held at fair value are not depreciated.

Provisions

The Council holds £13.2 million of provisions on its Balance Sheet, of which £8.0 million relates to business rates appeals. There is a degree of uncertainty inherent in estimating the potential expenditure required to settle business rates appeals. This is because the outcome of the appeals is determined solely by the Valuation Office, therefore at year end the Council makes assumptions on the provision required for potential refunds to rate payers based upon historical and current information available at that point in time. Sensitivity analysis shows that the final outcome of the appeals could differ from the assumptions made and could impact on future years accounts, however, the Council considers these assumptions to be prudent.

Note 15D Accounting standards issued but not yet adopted

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

- **IFRS 16 Leases (unless adopted voluntarily)**
  CIPFA/LASAAC has deferred the implementation of IFRS 16 Leases in the public sector until the 2024-2025 financial year, with an effective date of 1 April 2024. This will require lessees to recognise assets subject to leases as right-of-use assets on their balance sheet, along with corresponding lease liabilities (there are exceptions for low-value and short-term leases). As a result, the Council has not been required to carry out detailed calculations to ascertain the impact.

The Council has begun work to identify any contracts that would need to be treated differently as a result of these changes to statutory accounting requirements. We expect that these contracts will mainly relate to properties rented by the Council currently on operational leases covered in note 10C.

Section 5 - Housing Revenue Account Statements

Housing Revenue Account Income and Expenditure Statement

2022-2023 £m		Note	2023-2024 £m
(92.9)	Gross Rents – Dwellings		(98.7)
(0.7)	Gross Rents - Non-Dwellings		(0.7)
(6.1)	Charges to Tenants for Services and Facilities		(6.0)
-	Contributions to Expenditure		(1.1)
(99.7)	**Total Income**		**(106.5)**
29.0	Repairs and Maintenance		32.4
21.3	Supervision and Management		23.2
0.7	Rents, Rates and Taxes		0.8
0.5	Increase in Allowance for Bad Debts		0.2
-	Contribution to Capital Financing		-
21.4	Depreciation of Property, plant, and equipment	H1	22.3
(35.4)	Revaluation/impairment of Property, plant, and equipment	H2	8.3
37.6	**Total Expenditure**		**87.3**
(62.1)	**Net Cost of HRA Services as included in Council Comprehensive Income and Expenditure Statement**		**(19.2)**
0.2	HRA Share of Corporate and Democratic Core		0.2
(61.9)	**Net Cost of HRA Services**		**(18.9)**
-	Sums Directed by the Secretary of State that are Expenditure in Accordance with the Code		-
(2.1)	(Gain) on Sale of Property, plant, and equipment		(3.9)
(0.3)	(Gain) on the Fair Value of Investment Assets		(0.1)
11.5	Interest Payable		11.9
(0.6)	Interest and Investment Income		(0.8)
(53.3)	**(Surplus)/deficit for the year**		**(11.8)**

Movement on the Housing Revenue Account Statement

2022-2023 £m		Note	2023-2024 £m
(7.0)	**Opening HRA balance**		**(7.0)**
	(Increase)/Decrease in the HRA balance for the year analysed between:		
(53.3)	- (Surplus)/Deficit for the year on the Income and Expenditure Account		(11.8)
53.3	- Net additional amount required by statute and non-statutory proper practices to be debited or credited to the HRA balance for the year	H3	11.8
-	**(Increase)/Decrease in the HRA balance for the year**		**-**
(7.0)	**Closing HRA balance**		**(7.0)**

Notes to the Housing Revenue Account Statements

Note H1 – Depreciation

2022-2023 £m		2023-2024 £m
20.8	Council dwellings	22.1
0.6	Other land and buildings	0.2
-	Vehicles, plant, furniture, and equipment	-
21.4	**Total depreciation charge for the year**	**22.3**

Under the Housing Revenue Account regulations, depreciation and impairment charges are reversed out and replaced with a provision for the repayment of debt.

Note H2 – Revaluation

2022-2023 £m		2023-2024 £m
(35.4)	Council dwellings	8.3
-	Other land and buildings	-
(35.4)	**Total revaluation/impairment charge for the year**	**8.3**

The revaluation results from the five yearly stock valuation exercise which reflects changes in value due to local market conditions and is adjusted for the existing use value (social housing).

Note H3 – Analysis of the movement on the HRA balance statement

2022-2023 £m		Note	2023-2024 £m
53.3	**Net additional amount required to be debited or credited to the HRA balance**		**11.8**
	Comprising:		
	Amounts included in the Income and Expenditure Account but not in the HRA balance		
10.4	Proceeds of Sale of Property, plant, and equipment		13.6
35.6	Impairment/revaluation of Property, plant, and equipment	H2	(8.3)
3.0	Capital Expenditure Funded by the HRA		2.3
(8.3)	Net Book Value of Assets Sold		(9.7)

2022-2023 £m		Note	2023-2024 £m
40.7	**Sub Total**		**(2.1)**
	Amounts not in the Income and Expenditure Account but included in the HRA balance		
	HRA Share of Contribution to Pension Reserve	H4	
0	Adjustment for Premiums and Discounts		-
12.4	Amount Set Aside for the Repayment of Debt		12.8
0.1	Capital Grants and Contributions		0.5
0.2	Transfer to/(from) Earmarked Reserves		0.5
12.7	**Sub Total**		**13.8**
53.4	**Total**		**11.8**

Note H4 – Contribution to the pension reserve

Retirement benefits are offered to employees by the Council as part of the terms and conditions of employment. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments. This commitment needs to be disclosed at the time that employees earn their future entitlement. The pension reserve reflects the projected shortfall in the amount which may need to be provided in the future to current employees of the Housing Revenue Account. Further details on this may be found in Note 9 to the Core Financial Statements.

Note H5 – Housing stock

The number of dwellings held or leased by the Council on the below dates (excluding properties earmarked for demolition or sale) are shown in the following table. In addition, the Council holds 39 properties for shared ownership.

31 March 2023		31 March 2024
4,757	Low Rise Flats	4,759
2,549	Medium Rise Flats	2,589
2,458	High Rise Flats	2,457
11,747	Houses and Bungalows	11,670
21,511	**Total dwellings owned by the Council**	**21,475**

Note H6 – Housing Revenue Account property, plant, and equipment

The following table shows the total Balance Sheet values of the land, houses and other property within the Housing Revenue Account at the end of the year.

31 March 2023 £m		31 March 2024 £m
953.4	Council dwellings	1,039.7
17.4	Other land and buildings	12.6
14.2	Assets under construction	3.5
985.0	**Total property, plant, and equipment**	**1,055.8**

Note H7 – Vacant possession value of dwellings

The vacant possession value of the stock of dwellings at 31 March 2024 amounted to £2,599.1 million (31 March 2023: £2,383.5 million). The value of dwellings shown on the Balance Sheet is the existing use value (social housing), which is 40% of the vacant possession value (this ratio is set by the Government). The difference between the two values demonstrates the economic cost to Government of providing Council housing at less than open market rents.

Note H8 – Capital

Capital expenditure on land, houses and other property within the HRA during the year and how it was paid for is shown in the following table:

2022-2023 £m		2023-2024 £m
	Sources of Funding	
(39.3)	Borrowing	(73.1)
(9.3)	Usable capital receipts	(14.1)
(20.8)	Major Repairs Reserve	(22.1)
-	Government and EU grants	(2.9)
(3.0)	Financed from revenue account	(2.3)
(0.1)	Other contributions	(0.5)
(72.5)	**Total capital expenditure**	**(115.0)**

Capital receipts generated during 2023-2024 from the disposal of HRA assets are detailed in the following table:

2022-2023 £m		2023-2024 £m
(10.0)	Sale of council houses (including Right-to-Buy)	(11.3)
(0.3)	Sale of other land and buildings	(2.3)
(0.1)	Repaid discounts	-
(10.4)	**Total capital receipts**	**(13.6)**

These receipts were split between the Council and the Government, as shown in the following table:

2022-2023 £m		2023-2024 £m
-	Paid over to government	-
(10.4)	Available to finance capital expenditure	(13.6)
(10.4)	**Total capital receipts**	**(13.6)**

Note H9 – Rent arrears

During 2023-2024, there was a decrease in total rent arrears of £0.4 million. Within total rent arrears, current tenants' arrears as a proportion of net rental income was 2.4%, 0.5% lower than in as in 2022-2023. The comparative total figures are shown in the following table:

31 March 2023 £m		31 March 2024 £m
2.7	Current Tenants	2.4
0.8	Former Tenants	0.7
3.5	**Total arrears**	**3.1**

An allowance is maintained for these credit losses which also includes tenant recharges. The following table details the movement in the year:

2022-2023 £m		2023-2024 £m
3.0	**Allowance for expected credit losses brought forward**	**2.9**
(0.6)	Amounts written-off during the year	(0.6)
0.5	Increase in allowance charged to the HRA during the year	0.2
2.9	**Allowance for expected credit losses carried forward**	**2.5**

Note H10 – Major repairs reserve

This is a discretionary reserve to which the Council's Major Repairs Allowance (MRA) is transferred, and that is used to finance major repairs to HRA property. The MRA was determined by the Government as part of the final HRA subsidy determination. Where total HRA depreciation charges are greater than the MRA it is a requirement that an amount equal to the difference is transferred to the HRA from the Major Repairs Reserve.

2022-2023 £m		2023-2024 £m
(0.2)	**Balance brought forward**	**(0.2)**
(20.8)	Transfer of MRA from the Capital Adjustment Account	(22.1)
20.8	Capital expenditure on land and property in the HRA	22.1
(0.2)	**Balance carried forward**	**(0.2)**

Section 6 - The Collection Fund Statement

The Collection Fund statements show how much council tax was raised in Wolverhampton during the year, and how it was allocated between the Council, Fire and Police Authorities. It also shows details of business rates collected by the Council on behalf of Central Government and the amount retained by the Council and allocated to the Fire Authority.

As the billing authority, the Council is seeing the impact of the cost-of-living crisis with many households struggling to meet their full council tax liability, whilst business rates income continues to increase but has still not returned to pre-pandemic levels.

Due to Collection Fund accounting treatment, the deficit on the fund will not be passed to the Council's General Fund until later years. The Government have confirmed that the in-year deficit on the Collection Fund in 2020-2021 can be spread over 3 years from 2021-2022 to 2023-2024, and this is included in the deficit carried forward.

2022-2023 £m		Note	2023-2024 Council Tax £m	2023-2024 NNDR £m	2023-2024 Total £m
	Deficit/(surplus) brought forward				
18.4	City of Wolverhampton Council		(1.1)	(5.6)	(6.7)
0.1	West Midlands Police and Crime Commissioner		(0.1)	-	(0.1)
0.2	West Midlands Fire and Rescue Authority		-	(0.1)	(0.1)
0.3	Central government		-	0.3	0.3
19.1			**(1.2)**	**(5.4)**	**(6.6)**
	Income				
(138.0)	Council tax	C1	(146.7)	-	(146.7)
(72.5)	Business rates	C2	-	(68.9)	(68.9)
-	Transitional protection payments – business rates		-	(8.5)	(8.5)
(1.1)	Council Tax Hardship Fund relief/discretionary relief reimbursement		(0.8)	-	(0.8)
(211.6)	**Total income**		**(147.5)**	**(77.4)**	**(224.9)**

2022-2023 £m		Note	2023-2024 Council Tax £m	2023-2024 NNDR £m	2023-2024 Total £m
	Expenditure				
	Precepts and demands				
118.1	- City of Wolverhampton Council		126.0	-	126.0
12.2	- West Midlands Police and Crime Commissioner		13.4	-	13.4
4.4	- West Midlands Fire and Rescue Authority		4.8	-	4.8
134.7			**144.2**	**-**	**144.2**
	Business rates				
-	Central government		-	-	-
0.7	West Midlands Fire and Rescue Authority		-	0.8	0.8
65.5	City of Wolverhampton Council		-	75.8	75.8
0.3	Cost of collection allowance		-	0.3	0.3
66.5			**-**	**76.9**	**76.9**
	Distribution of council tax surplus/ (payment of deficit)				
(1.1)	City of Wolverhampton Council		(0.7)	-	(0.7)
(0.1)	West Midlands Police and Crime Commissioner		(0.1)	-	(0.1)
(0.1)	West Midlands Fire and Rescue Authority		-	-	-
(1.3)			**(0.8)**	**-**	**(0.8)**
	Distribution of business rates surplus/ (payment of deficit)				
(17.9)	City of Wolverhampton Council		-	1.8	1.8
-	Central government		-	-	-
(0.2)	West Midlands Fire and Rescue Authority		-	-	-
(18.1)			**-**	**1.8**	**1.8**
	Allowance for bad and doubtful debts				
3.3	Council tax		4.8	-	4.8
2.3	Business rates		-	2.1	2.1
5.6			**4.8**	**2.1**	**6.9**

2022-2023 £m		Note	2023-2024 Council Tax £m	2023-2024 NNDR £m	2023-2024 Total £m
(1.5)	Provision for appeals		-	(0.8)	(0.8)
185.9	**Total expenditure**		**148.2**	**80.0**	**228.2**
(25.7)	**Deficit/(surplus) for the year**		**0.7**	**2.6**	**3.3**
(6.6)	**Deficit/(surplus) carried forward**		**(0.5)**	**(2.8)**	**(3.3)**
(6.7)	City of Wolverhampton Council		(0.4)	(3.1)	(3.5)
(0.1)	West Midlands Police and Crime Commissioner		(0.1)	-	(0.1)
(0.1)	West Midlands Fire and Rescue Authority		-	0.0	0.0
0.3	Central government		-	0.3	0.3
(6.6)			**(0.5)**	**(2.8)**	**(3.3)**

Notes to the Collection Fund Statement

Note C1 The council tax base

Council Tax income derives from charges raised according to the residential properties, which have been classified into eight valuation bands. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund for the forthcoming year and dividing this by the tax base. The Council's tax base is the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings. Council tax bills were based on the following proportions for bands A to H.

Band	Total Number of Chargeable Dwellings after Effect of Discount	Ratio	Band D Equivalent Dwellings (after allowance for council tax support)	Council Tax including Adult Social Care precept (Single Person Household) £	Council Tax including Adult Social Care precept (Multiple Occupancy) £
A Disabled	88.05	5/9	48.92	910.24	1,213.66
A	35,998.58	6/9	23,999.05	1,092.28	1,456.38
B	19,517.99	7/9	15,180.66	1,274.33	1,699.11
C	14,695.21	8/9	13,062.41	1,456.38	1,941.84
D	6,327.12	9/9	6,327.12	1,638.43	2,184.58
E	2,803.42	11/9	3,426.40	2,002.53	2,670.04
F	1,562.45	13/9	2,256.87	2,366.62	3,155.50
G	899.78	15/9	1,499.63	2,730.71	3,640.95
H	96.53	18/9	193.06	3,276.86	4,369.15
	81,989.13		**65,994.12**		

Note C2 Business rates (national non-domestic rates – NNDR)

The Council collects Business Rates for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set by Central Government.

Local authorities retain a proportion of the total collectable rates due. In Wolverhampton, the Council retains 99% and the remaining 1% is paid to West Midlands Fire Service.

The total non-domestic rateable value was £219.2 million as at 31 March 2024 (£195.6 million as at 31 March 2023). The national multipliers for 2023-2024 were 49.9p for qualifying small businesses, and the standard multiplier was 51.2p for all other businesses (49.9p and 51.2p respectively in 2022-2023).

Section 7 - West Midlands Pension Fund Statement

	Note	2023/24 £m	2022/23 £m
Contributions			
Contributions receivable	**P8**	764.7	451.8
Transfers in	**P9**	16.1	19.7
Other income	**P10**	13.1	13.0
Total contributions and other income		**793.9**	**484.5**
Benefits			
Benefits payable	**P11**	(734.8)	(722.7)
Payments to and on account of leavers	**P12**	(18.8)	(40.9)
Other payments		(1.6)	-
Total benefits and other expenditure		**(755.2)**	**(763.6)**
Net withdrawals from dealings with members		**38.7**	**(279.1)**
Management expenses	**P13**	**(123.5)**	**(110.1)**
Returns on investments			
Investment income	**P14**	121.7	78.2
Changes in value of investments	**P16**	1,552.4	(355.4)
Revaluation of bulk annuity insurance buy-in contract	**P17**	4.0	(42.0)
		1,678.1	**(319.2)**
Net increase/(decrease) in the Fund during the year		1,593.3	(708.4)
Net assets of the Fund at the beginning of the year		19,626.0	20,334.4
Net assets of the Fund at the end of the year		**21,219.3**	**19,626.0**

	Note	2023/24 £m	2022/23 £m
Investment assets (at market value)	**P15**		
Bonds		2,997.3	215.3
UK equities		57.8	43.0
Overseas equities		2,212.5	2,389.4
Pooled investment vehicles		13,716.8	15,121.9
Property		1,019.2	1,007.9
Derivative contracts – Swaps		1.8	-
Foreign currency holdings		77.7	114.0
Cash deposits		934.9	548.4
Other investment assets		20.6	5.7
Investment assets		**21,038.6**	**19,445.6**
Investment liabilities (at market value)	**P15**		
Derivative contracts - Swaps		-	(2.4)
Investment liabilities		**-**	**(2.4)**
Net investment assets		**21,038.6**	**19,443.2**
Returns on investments			
Bulk annuity insurance buy-in contract	**P17**	107.8	118.0
Long-term debtors	**P19**	6.4	6.0
Current assets	**P20**	91.9	82.2
Current liabilities	**P21**	(25.4)	(23.4)
		21,219.3	**19,626.0**

The accounts summarise the transactions of the Fund and deal with the net assets at its disposal. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits is disclosed at note P6.

The notes form part of these financial statements.

Note P1 - General

The description in this note is a high-level summary of the Fund's activities and more detail is available in the Fund's Annual Report which can be found on its website.

West Midlands Pension Fund is part of the Local Government Pension Scheme and is administered by the City of Wolverhampton Council on behalf of all local authorities in the West Midlands and other employers who have members in the Fund. Membership of the Fund is available to all local government employees including non-teaching staff of schools and further and higher education corporations in the West Midlands region together with employees of scheduled and admitted bodies. At 31 March 2024, the Fund had 841 actively participating employers (2023: 804) and 347,735 members (2023: 345,241) as set out in the following table. A full list of participating employers can be found in the Fund's Annual Report.

	31 March 2024 No.	31 March 2023 No.
Active Members	117,784	113,854
Pensioner Members	117,225	115,725
Deferred Members	112,726	115,662
	347,735	**345,241**

The responsibility for administering the Fund is delegated to the Council's Pensions Committee. It meets at approximately quarterly intervals and has members from each of the seven metropolitan district councils in the West Midlands. A Pensions Board was also in operation during 2023/24. Membership of the Committee and Board can be found on the City of Wolverhampton Council website: https://wolverhampton.moderngov.co.uk/mgListCommittees.aspx?bcr=1

The scheme is governed by the Public Services Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

(i) The Local Government Pension Scheme Regulations 2013 (as amended)
(ii) (The Local Government Pension Scheme (Transitional Provisions, Saving and Amendments) Regulations 2014 (as amended)
(iii) The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016

The scheme is a contributory defined benefit pension scheme. Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the Local Government Pension Scheme (LGPS) Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2024. In addition to employee contributions, employers' contributions are paid as set based on triennial actuarial funding valuations. The triennial actuarial valuation applicable to contributions payable in relation to contribution rates payable for 2023/24 to 2025/26 was conducted at 31 March 2022. Employer contribution rates during 2023/24 ranged from 0% to 49.6% of pensionable pay.

Scheme-wide benefit changes were made with effect from April 2014, with the most material change moving from an accrual of pensions based on final salaries to career-average revalued earnings (CARE) with an accrual rate of 1/49th and pensions uprated annually in line with the Consumer Price Index. Pension entitlements accrued prior to this date continue to be based on final salary.

Further to direction from the Government, local authority investment pools have been created to bring together the investment assets of LGPS pension funds into eight Investment Pools. LGPS Central Limited (LGPSC), the company established to manage investments on behalf of eight LGPS funds including West Midlands Pension Fund (WMPF), received authorisation from the Financial Conduct Authority in 2018 and the LGPS Central regional investment asset pool has been in operation since 1 April 2018.

As at 31 March 2024, WMPF had assets of £11,342.1m managed in LGPSC sub-funds comprising £7,425.8m managed through Authorised Contractual Scheme (ACS) sub-funds, £1,128.6m managed through vehicles, and a further £2,787.7m managed through discretionary funds.

Additions and changes to LGPS Central Limited sub-funds continue to be made in collaboration with LGPS Central investment asset pool Partner Funds. WMPF continues to engage in the development and review of sub-funds, taking decisions to transition assets on a case-by-case basis dependent on sub-funds meeting the strategic asset allocation and risk and return requirements of WMPF. The transition of the Fund's remaining assets into products offered by LGPS Central Limited is expected to take several years.

WMPF has several advisory arrangements in place with LGPSC to support with monitoring and oversight of investments outside of LGPSC sub-funds which may also facilitate execution on the underlying assets of legacy portfolios managed directly by the Fund. The advisory mandates are regularly reviewed and are expected to reduce but remain in place for some time due to the illiquid nature of the underlying investments and the cost effectiveness of transition.

Note P2 – Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2023/24 financial year and its financial position as at 31 March 2024. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, is disclosed at Note P6 of these accounts.

The accounts have been prepared on a going concern basis.

Note P3 – Statement of Accounting policies

A. Fund Account

In the Fund Account, income and expenditure are accounted for in the year in which they accrue by the creation of payables and receivables at the year-end where necessary.

B. Contributions income

Normal contributions, both from the members and from the employers, are accounted for on an accruals basis. Member contributions are made in accordance with the LGPS (Amendment) Regulations 2018 using common percentage rates for all schemes which rise according to pensionable pay. Employer contributions are set at the percentage rate recommended by the Actuary, in the payroll period to which they relate. Additional contributions (including past service deficit contributions and excluding additional voluntary contributions) as notified by employers for the period have also been included. Past service deficit contributions are accounted for in the year in which they are payable under the schedule of contributions set by the scheme actuary.
Employers' augmentation contributions and pensions 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 with amounts due after the following year classed as long-term financial assets.

C. Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who had either transferred benefits in or out of the scheme as at 31 March 2024, calculated in accordance with the Local Government Pension Scheme Regulations (see notes to the accounts). Transfers in respect of individuals are accounted for when received or paid which is normally when the member liability is accepted or discharged. Bulk transfers in and out, where the receiving scheme has agreed to accept the liability prior to receipt and the necessary employee consents have been obtained, are accounted for in accordance with the bulk transfer terms signed by qualified actuaries appointed by the two pension schemes involved in the bulk transfer.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are reported within transfers in.

D. Investment income

i) Interest income

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.

ii) Dividend income

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

Distributions (income) from pooled funds are recognised at the date of issue.

Investment income arising from the underlying investments of pooled investment vehicles is distributed back into the pooled investment vehicles throughout the year.

iv) Property-related income

Property-related income (consisting primarily of rental income from operating leases) is recognised on a straight-line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Contingent rents based on the future amount of a factor that changes other than with the passage of time, such as turnover rents, are only recognised when contractually due.

v) Changes in the value of investments

Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

vi) Stock lending income
Stock lending income is accounted for on a cash basis.

E. Taxation
The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin unless exemption is permitted. Irrecoverable tax is accounted for as an expense as it arises.

F. Benefits payable
Pensions and lump sum benefits payable include all amounts known to be due as at 31 March 2024. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities.

G. Financial assets
Financial assets are included in the Net Assets Statement on a fair value basis as at the reporting date with some financial assets held at amortised cost where this is appropriate. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date, any gains or losses arising from changes in the fair value of the asset are recognised in the Fund Account.
The fair value is established in accordance with IFRS 13 for each category of investment by obtaining sufficient data as follows:
i) Market-quoted investments are valued on the basis of the bid price (or, if unavailable, most recent transaction) on the relevant stock market. Fixed interest securities are recorded at net market value based on their current yields;
ii) Unquoted securities are valued by the fund managers at the year-end in accordance with generally accepted guidelines. Unquoted private equities are valued by the investment managers in accordance with International Private Equity and Venture Capital Valuation Guidelines (2022) using guidelines of the British Venture Capital Association. This includes the use of discounted cash flow models which are independently valued; and
iii) Pooled investment vehicles are valued at the closing price under single pricing system, or bid price under dual pricing system, as advised by the respective fund manager.

Investment assets are allocated and disclosed within the fair value hierarchy, being within levels 1, 2 or 3.

The LGPS Central pool trading company, LGPS Central Limited, became licensed to trade on 1 April 2018. The Pension Fund's view is that as at 31 March 2024, cost remains an appropriate estimate of the fair value of shares held in this company.

H. Freehold and leasehold properties

Properties including farmlands and commercial properties are valued annually by independent valuers on a fair value basis in accordance with Royal Institute of Chartered Surveyors (RICS) valuation standards.

I. Foreign currencies

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year-end. Foreign currency transactions are translated into sterling at the spot exchange rate at the date of the transaction. Gains and losses arising on conversion or translation are accounted for as part of the change in market value.

J. Derivatives

The Fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes.

Purchases and sales of swap contracts are recognised on close out or expiry as cash receipts or payments, giving rise to a gain or loss.

K. Movement in the net market value of investments

Any gains or losses arising on translation of investments into sterling are accounted for as a change in the market value of investments.

L. Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

M. Financial liabilities

Financial liabilities are included in the Fund Account at fair value if they exist at the reporting date with some liabilities held at amortised cost where this is appropriate. A financial liability is recognised in the Net Assets Statement on the date the Fund becomes party to the liability. From this date, any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

N. Management expenses

The Fund discloses its management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses 2016.

All administrative expenses are accounted for on an accruals basis. The costs of Fund officers are recharged to the Fund along with all other costs incurred directly on Fund activities for corporate support services provided by the administering authority.

All investment management expenses are accounted for on an accruals basis. External investment management and custodian fees are agreed in management or custody agreements governing the administration of the individual mandates. Fees are generally based on the valuation of the underlying investments either being managed or in safe custody. In addition, performance-related fees are negotiated with a number of managers and the amounts of such fees are provided in a note to the accounts.

O. Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement (see note P6).

P. Additional voluntary contributions

The Fund provides an additional voluntary contributions (AVC) scheme for its members the assets of which are invested separately from those of the Fund. The Fund has appointed Prudential Assurance Company Limited and Utmost Life and Pensions as its AVC providers. AVCs are paid to the provider by employers and are specifically for providing additional benefits for individual contributors. Each contributor receives an annual statement showing the amount held in their account and the movements in the year. AVCs are not included in the accounts in accordance with section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (see note P22).

Note P4 – Critical judgements in applying accounting policies
It has not been necessary to make any material critical judgements in applying the accounting policies in 2023/24.

Note P5 - Assumptions made about the future and other major sources of estimation uncertainty

Actuarial present value of promised retirement benefits
Uncertainties
Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate applied to future benefit payments due, the rate at which salaries and pensions are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Hymans Robertson LLP, the Fund's appointed Actuary, is engaged to provide expert advice about the assumptions to be applied.

Effect if actual results differ from assumptions
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; however, an increase in assumed earnings inflation or assumed life expectancy would significantly increase the pension liability as detailed by the Fund's Actuary below:

Change in assumptions - year ended 31 March 2024	Approx. % increase in liabilities	Approx. monetary value £m
0.1% p.a. decrease in discount rate	2%	347
1 year increase in member life expectancy	4%	787
0.1% p.a. increase in salary increase rate	0%	18
0.1% p.a. increase in CPI inflation	2%	329

Fair value of investments
Uncertainties
Certain types of investments are not publicly listed and, as such, there is a degree of estimation involved in their valuation.

Effect if actual results differ from assumptions

The use of estimates for investment values is greatest for those assets classified at Level 3 which means there is a risk that these investments may be over/under stated in the accounts. The total value of Level 3 investments is £4,669.5m at 31 March 2024 (31 March 2023: £4,698.1m). The assets classified as Level 3 and the sensitivity of the valuation methods employed is described in note P17.

Note P6 – Actuarial valuation of the Fund

The triennial actuarial valuation of the Fund as at 31 March 2022, undertaken by the Fund's current Actuary, C McFadyen of Hyman Robertson LLP, has determined the contributions rates applicable for the period 1 April 2023 to 31 March 2026 and funding position at 31 March 2022. The contribution rates applicable to the period 1 April 2020 to 31 March 2023 were determined by the Fund's previous Actuary, G Muir of Barnett Waddingham LLP, as part of the triennial actuarial valuation of the Fund made as at 31 March 2019.

On the basis of the assumptions adopted, the 2022 valuation revealed that the value of the Fund's assets of £20,334m represented 103% of the funding target of £19,655m at the valuation date. The valuation also showed that an average primary rate of contribution of 21.7% of pensionable pay per annum was required from employers. The common rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

In general, the Fund applies a maximum deficit recovery period of 17 years. The aim is to achieve 100% solvency over the period and to provide stability in employer contribution rates.

In practice, each individual employer's position is assessed separately and the contributions required are set out in the report dated 31 March 2023. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Different approaches adopted in implementing contribution increases and deficit recovery periods are as determined through the FSS consultation process.

As a result of the valuation, a revised Rates and Adjustments certificate was prepared for the three years commencing 1 April 2023. The result for the elected pre-paid council was certified as follows:

	Prepayment Amount - Combined Future Service Rate (% of pay)				
	2023/24	**2024/25**	**2025/26**	**Rate of discount**	**Prepayment**
Solihull MBC	£22.95m	£23.85m	£24.75m	4.3% pa	£67.1m

The prepayment amount shown above is due in the year where the Council has opted to make a cash payment in advance. This amount was received by the Fund in April 2023. The valuation was carried out using the projected unit actuarial method and the main actuarial assumptions used for assessing the Funding Target and the common contribution rate were as follows:

	2022	**2019**
Rate of return on investments	4.3% per annum	4.6% per annum
Rate of pay increases	3.9% per annum	3.6% per annum
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.9% per annum	2.6% per annum

The assets were assessed at market value.
The 31 March 2019 Actuarial Valuation report can be found on the Fund's website.
The 31 March 2022 Actuarial Valuation report can also be found on the Fund's website with the results of this report implemented from 1 April 2023.

Actuarial present value of promised retirement benefits for the purposes of IAS 26
IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed and for this purpose, the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes.

To assess the value of the benefits on this basis, the following financial assumptions have been used:

	31 March 2024	**31 March 2023**
Rate of return on investments (discount rate)	4.85% per annum	4.75% per annum
Rate of pay increases	3.75% per annum	4.00% per annum
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.75% per annum	3.00% per annum

The following demographic assumptions on average future life expectancies at age 65 are summarised below:

	31 March 2024		**31 March 2023**	
	Males	**Females**	**Males**	**Females**
Current pensioners	20.6 years	23.5 years	20.7 years	23.7 years
Future pensioners (assumed to be 45 at the valuation date)	21.5 years	24.9 years	21.6 years	25.1 years

The total value of the Fund's promised retirement benefits for the purposes of IAS 26 as at 31 March 2023 was estimated as £19,771m. The impact of the changes in actuarial financial assumptions between 31 March 2023 and 31 March 2024 as described above is to decrease the liabilities by £1,234m. The impact of the change in demographic assumptions between 31 March 2023 and 31 March 2024 is to decrease the actuarial present value by £128m.

The net effect of all the above is that the estimated total value of the Fund's promised retirement benefits as at 31 March 2024 is therefore £19,678m.

Noten P7 - Taxation

1. Value Added Tax (VAT)
The Fund (as part of the City of Wolverhampton Council) pays VAT collected on income in excess of VAT payable on expenditure to HMRC. The accounts are shown exclusive of VAT.

2. Taxation of overseas investment income
The Fund receives interest on its overseas bonds gross but a variety of arrangements apply for the taxation of dividends on overseas equities in the various markets.
In some markets, a lower-than-standard tax rate is available, either as a result of a double tax treaty in place between the UK and the investment country (e.g. Poland, Canada, Italy, Sweden) or based on favourable domestic legislation (e.g. Australia, Czech Republic, Singapore). Where this is the case, relief may be granted at source based on documentation already on file (e.g. USA, Belgium, Australia, Finland, France and Norway), or ex post via reclaim forms submitted to the local tax authorities (e.g. Austria, Denmark, Germany, Netherlands, Switzerland and Spain).
There are also markets where relief is not possible - either no double taxation agreement exists (e.g. Brazil, Colombia, Lebanon), or a 'subject to tax' clause prevents UK pension funds from benefiting from treaty rates (e.g. Israel, Malaysia, Portugal). In such cases, the full amount of tax is withheld and is final.

Note P8 – Contributions receivable

	2023/24 £m	2022/23 £m
Contributions receivable by type:		
From employers		
Contributions	589.6	249.9
Past Service Deficit	14.1	45.9
Additional cost of early retirement	6.3	12.3
	610.0	**308.1**
From employees		
Basic contributions	154.0	143.0
Additional contributions	0.7	0.7
	154.7	**143.7**
Total contributions	**764.7**	**451.8**
Contributions receivable by type of employer:		
Administering authority	44.5	36.0
Other scheduled employers	672.7	370.2
Admitted employers	47.5	45.6
	764.7	**451.8**

Following the actuarial valuation as at 31 March 2022, one employer chose to pay their full three-year combined future service and past service deficit contributions in advance as a lump sum in 2023/24. The lump sum paid by one council has been accounted for fully in 2023/24 and are listed in the table in note 6. The additional contributions above represent the purchase of added membership or additional benefits under the pension scheme.

Note P9 – Transfers in

	2023/24 £m	2022/23 £m
Individual transfers	16.1	19.7
Total transfers in	**16.1**	**19.7**

Note P10 – Transfers out

	2023/24 £m	2022/23 £m
Compensatory added years	6.1	6.6
Pensions increases	7.0	6.4
	13.1	**13.0**

Note P11 – Benefits payable

	2023/24 £m	2022/23 £m
Benefits payable by type		
Pensions		
Retirement pensions	596.0	538.7
Widows' pensions	38.8	36.3
Childrens' pensions	1.3	1.2
Widowers' pensions	9.0	8.0
Ex-spouses' pensions	0.3	0.3
Equivalent pension benefits	0.2	0.2
Co-habiting partners' pensions	0.6	0.5
Civil partnership	0.1	0.2
Amounts due to estate	0.1	-
Total transfers in	**646.4**	**585.4**
Lump sum benefits		
Retiring allowances	77.2	117.9
Death grants	11.2	19.4
	88.4	**137.3**
Total benefits payable	**734.8**	**722.7**
Benefits payable by type of employer:		
Administering authority	55.7	54.9
Other scheduled employers	615.6	606.3
Admitted employers	63.5	61.5
	734.8	**722.7**

Note P12 – Payment to and on account of leavers

	2023/24 £m	2022/23 £m
Individual transfers	17.5	38.7
Refunds of contributions	1.3	2.2
	18.8	**40.9**

Note P13 – Management expenses

	2023/24 £m	2022/23 £m
Administrative costs	12.2	10.4
Investment management expenses	107.3	95.4
Oversight and governance costs	4.0	4.3
	123.5	**110.1**

Included in oversight and governance costs of £4.0 million above are anticipated external audit fees of £193,000 (2022/23: £85,000). External audit for the Fund are appointed by the City of Wolverhampton Council through the PSAA (Public Sector Audit Appointments) framework.

The guidance requires that external investment management fees that are deducted from asset values (rather than invoiced and paid directly) are shown gross. Wherever possible, the figures are based on actual costs disclosed by the manager. Where actual costs were not available, best estimates have been made using other available information.

Note P13(i) – Investment management expenses

	Management fees	Performance related fees	Transaction costs	Total
2023/24				
Equities	8.4	-	3.1	11.5
Pooled investments	10.3	3.0	23.8	37.1
Private equity	10.1	23.1	-	33.2
Property	3.7	0.8	5.8	10.3
Infrastructure	6.0	6.3	-	12.3
Absolute return	0.8	1.3	-	2.1
Derivatives	0.1	-	-	0.1
Cash, cash equivalent and fx contracts	0.7	-	-	0.7
	40.1	**34.5**	**32.7**	**107.3**
Custody fees				-
Total				**107.3**

	Management fees	Performance related fees	Transaction costs	Total
2022/23				
Equities	10.5	-	3.0	13.5
Pooled investments	11.3	-	18.6	29.9
Private equity	12.7	15.8	-	28.5
Property	4.2	0.3	1.9	6.4
Infrastructure	6.1	5.9	0.1	12.1
Absolute return	1.1	2.8	-	3.9
Derivatives	0.2	-	0.7	0.9
Cash, cash equivalent and fx contracts	0.1	-	-	0.1
	46.2	**24.8**	**24.3**	**95.3**
Custody fees				0.1
Total				**95.4**

Note P14 – Investment income

	2023/24 £m	2022/23 £m
Dividends and interest		
Bonds - UK private sector - quoted	3.2	10.8
Equities - Overseas	31.0	23.1
Pooled investment vehicles - UK private sector quoted	0.4	0.2
Pooled investment vehicles - Overseas equities	3.5	6.7
Pooled investment vehicles - Interest on cash deposits	45.3	4.8
Pooled investment vehicles - Stock lending	0.4	0.8
Other interest	1.3	-
	85.1	**46.4**
Property management		
Property management income	52.6	45.2
Property management expenses	(16.0)	(13.4)
Total property management	**36.6**	**31.8**
Total investment income	**121.7**	**78.2**

Stock lending

As at 31 March 2024, £198.8m of stock was on loan to an agreed list of approved borrowers through the Fund's custodian in its capacity as agent lender (31 March 2023: £291.7m). The loans were covered by non-cash collateral in the form of equities, gilts, Delivery by Values (DBVs) and G10 sovereign debt totalling £211.6m and giving a margin of 6.4% (31 March 2023, £308.2m, margin of 6.0%).

Collateral is marked to market, adjusted daily and held by a third-party agent on behalf of the Fund. Net income from stock lending amounted to £0.4m during the year (2022/23: £0.8m). The Fund retains its economic interest in stocks on loan and their value is included in the Fund valuation. There is, however, an obligation to return collateral to the borrowers and its value is therefore excluded from the Fund valuation. The securities lending programme is indemnified to give the Fund further protection against losses.

There are no liabilities associated with the loaned assets.

Note P15 – Net investment assets

	2023/24 £m	2022/23 £m
Investment assets		
Bonds		
UK companies - segregated	209.6	215.3
UK gilts	2,787.7	-
	2,997.3	**215.3**
UK equities		
Quoted	55.8	41.0
Unquoted	2.0	2.0
	57.8	**43.0**
Overseas equities		
Quoted	135.8	115.0
Unquoted	2,076.7	2,274.4
	2,212.5	**2,389.4**
Pooled investment vehicles		
Managed funds		
UK fixed interest	1,288.6	947.0
Other fixed interest	2,204.1	2,139.7
UK quoted, index linked	704.3	741.3
UK quoted equities (pooled assets)	368.4	1,325.7
Overseas quoted equities (pooled assets)	6,278.1	6,846.8
Infrastructure	933.3	1,036.2
Private equity	1,449.8	1,396.9
UK absolute returns	74.2	190.6
Overseas absolute returns	105.4	101.1

UK property	193.5	196.4
Overseas property	83.6	104.7
Unit Trusts		
UK property	33.5	95.5
	13,716.8	**15,121.9**

Property		
UK freehold	981.0	969.9
UK leasehold*	38.2	38.0
	1,019.2	**1,007.9**

Derivative contracts		
Swaps	1.8	-
	1.8	**-**

All leasehold properties are held on long leases

Foreign currency holdings		
Australian dollars	-	0.5
Canadian Dollars	-	0.6
Czech Koruna	-	2.2
Danish Kroner	-	0.6
Euro	67.4	44.7
Hungarian Forints	-	0.8
Japanese Yen	-	4.8
Mexican Peso	-	3.6
New Zealand Dollars	-	0.5
Norwegian Kroner	-	0.4
Polish Zloty	-	0.5
Singapore Dollars	-	1.6
Swedish Kroner	-	2.7

Swiss Francs	-	5.6
Turkish Lira	-	0.3
United States Dollars	10.3	44.6
	77.7	**114.0**
Cash deposits		
UK	353.6	164.2
US	581.3	384.2
	934.9	**548.4**
Other investments		
Other debtors*	15.8	-
Outstanding dividend entitlement and recoverable withholding tax	4.8	5.7
	20.6	**5.7**
Total investment assets	**21,038.6**	**19,445.6**
Investment liabilities		
Derivative contract - Swaps	-	2.4
Total investment liabilities	**-**	**2.4**
Net investment assets	**21,038.6**	**19,443.2**

* Other debtors relate to investment receivable from the sale of part of the agricultural portfolio.

Segregated accounts are held separately from the main account by the global custodian and contain assets managed by some of the Fund's external managers.

Note P15 – Net investment assets

	At 31 March 2024		At 31 March 2023	
	Market value	% of total market	Market value	% of total market
	£m		£m	
LGPS Central Global Ex UK Passive Equity Fund	2,193.2	10.4	2,152.4	11.1
LGPS Central All World Equity Climate Multi Factor Fund	2,557.8	12.2	2,801.9	14.4
LGPS Central UK Passive Equity Fund	368.2	1.8	1,246.1	6.4
LGPS Central Global Equity Active Multi-Manager Fund	1,481.2	7.0	1,211.9	6.2
LGPS Central Index Linked Gilts Fund	2,007.9	9.5	-	0.0

The proportion of the market value of investment assets managed in the regional asset pool at the year-end is set out below:

	At 31 March 2024		At 31 March 2023	
	Market value	% of total market	Market value	% of total market
Investments managed by LGPS Central Limited regional asset pool:				
Authorised Contractual Schemes (ACS) - global equities	6,232.3	29.6	6,793.1	35.0
Authorised Contractual Schemes - UK equities	368.2	1.8	1,246.1	6.4
Authorised Contractual Schemes - fixed interest	825.3	3.9	754.7	3.9
Non ACS private markets	1,128.6	5.4	781.5	4.0
Total	**8,554.4**	**40.7**	**9,575.4**	**49.3**
Investments managed by LGPS Central Limited outside regional asset pool:				
Non ACS discretionary funds	2,787.7	13.3	-	-
	2,787.7	**13.3**	**-**	**-**

Investments managed outside LGPS Central Limited regional asset pool:				
In-house: property, cash, quoted and unquoted equities	2,176.3	10.3	1,769.2	9.1
Managers: UK quoted	33.7	0.2	99.9	0.5
Managers: emerging markets	961.3	4.6	1,306.4	6.7
Managers: global equities	1,197.5	5.7	1,078.5	5.5
Managers: fixed interest	2,959.9	14.1	2,941.7	15.3
Managers: indirect property	235.8	1.1	301.1	1.5
Managers: infrastructure funds	743.0	3.5	936.2	4.8
Managers: absolute return	179.7	0.9	313.3	1.6
Managers: private equity	1,188.7	5.6	1,115.8	5.7
	9,675.9	**46.0**	**9,862.1**	**50.7**
Other debtors	20.6		-	
Outstanding dividend entitlement and recoverable withholding tax	-		5.7	
	20.6		**5.7**	
Net investment assets	**21,038.6**		**19,443.2**	

Objectives and policies for holding derivatives

The Fund utilises derivative instruments in line with investment policy and investment management agreements in place with third party investment managers. As part of the LDI (Liability Driven Instrument) scheme held within the admitted body separate funds, the Fund holds a series of swap contracts to support its risk management strategy:

	2023/24 £m	**202/23 £m**
Open swap contracts at the beginning of the year	(2.4)	2.6
Movement during the year	4.2	(5.0)
Open swap contracts at the beginning of the year	**1.8**	**(2.4)**

Note P16 - Investment market value movements analysis

	Value as at 31 March 2023 £m	Purchases at cost and derivative payments £m	Sales proceeds and derivative receipt £m	Investment management fees deducted at source £m	Change in market value £m	Value as at 31 March 2024 £m
Bonds	215.3	2,709.3	(48.8)	-	121.5	2,997.3
UK equities	43.0	-	-	-	14.8	57.8
Overseas equities	2,389.4	1.2	(273.0)	-	94.9	2,215.5
Pooled investment vehicles	15,121.9	566.5	(3,243.6)	(89.6)	1,361.6	13,716.8
Property	1,007.9	84.1	(48.4)	-	(24.4)	(24.4)
	18,777.5	**3,361.1**	**(3,613.8)**	**(89.6)**	**1,568.4**	**20,003.6**
Derivative contracts						
Swaps	(2.4)	-	-	-	4.2	1.8
	(2.4)	**-**	**-**	**-**	**4.2**	**1.8**
Outstanding dividend entitlement and recoverable withholding tax	5.7	-	-	-	-	4.8
Foreign currency holdings	114.0	-	-	-	-	77.7
Cash deposits	548.4	-	-	-	(20.2)	934.9
Other debtors	-	-	-	-	-	15.8
	668.1	**-**	**-**	**-**	**(20.2)**	**1,033.2**
	19,443.2	**3,361.1**	**(3,613.8)**	**(89.6)**	**1,552.4**	**21,038.6**

The change in market value of investments comprises both increases and decreases in the market value of investments held at any time during the year and profits and losses realised on the sales of investments during the year.

Purchases also include transfers in of investments, take-over of shares etc. and invested income. Sales proceeds include all receipts from sales of investments, transfers out of investments, take-over proceeds etc. and reductions in cash deposits including profits or losses realised on the sale.

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Fund such as fees, commissions, stamp duty and other fees. Transaction costs during the year amounted to £32.7m (2022/23: £24.3m). In addition to the transaction costs disclosed below, indirect costs are incurred through the bid-offer spread of investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the Fund.

The volatility of investment markets is an ever-present and longstanding feature of pension fund management and valuations may vary, either up or down, throughout each day when exchanges are open.

The change in the value of investments during 2022/23 is set out below:

	Value as at 31 March 2022 £m	**Purchases at cost and derivative payments £m**	**Sales proceeds and derivative receipt £m**	**Investment management fees deducted at source £m**	**Change in market value £m**	**Value as at 31 March 2023 £m**
Bonds	563.6	213.9	(464.5)	0	(97.7)	215.3
UK equities	57.2	-	-	-	(14.2)	43.0
Overseas equities	2,539.7	0.1	(0.1)	-	(150.3)	2,389.4
Pooled investment vehicles	15,049.2	715.5	(630.3)	(77.2)	64.7	15,121.9
Property	1,142.8	93.9	(19.3)	-	(209.5)	1,007.9
	19,352.5	**1,103.4**	**(1,114.2)**	**(77.2)**	**(407.0)**	**18,777.5**
Derivative contracts						
Swaps	2.6	-	-	-	(5.0)	(2.4)
Futures	12.3	-	-	(12.3)	-	-
Forward foreign exchange	(7.4)	-	-	7.4	-	-
	7.5	**-**	**-**	**(4.9)**	**(5.0)**	**(2.4)**

Broker balances	16.6	-	-	-	-	
Outstanding dividend entitlement and recoverable withholding tax	6.4	-	-	-	-	5.7
Foreign currency holdings	617.0	-	-	-	-	114.0
Cash deposits	136.3	-	-	-	56.6	548.4
	776.3	**-**	**-**	**-**	**56.6**	**668.1**
	20,136.3	**1,023.4**	**(1.114.2)**	**(82.1)**	**(355.4)**	**19,443.2**

Note 16 (i) - Property holdings

The Fund's investment property portfolio comprises a number of directly owned properties which are leased commercially to various tenants. Details of these directly owned properties are as follows:

	2023/24	2022/23
	£m	**£m**
Opening balance	1,007.9	1,142.8
Additions	84.1	93.9
Disposals	(48.0)	(19.4)
Net change in market value	(24.8)	(209.4)
	1,019.2	**1,007.9**

There are no restrictions on the realisability of the property or the remittance of income or proceeds on disposal and the Fund is not under any contractual obligation to purchase, construct or develop any of these properties nor does it have any responsibility for any repairs, maintenance or enhancements.

The future minimum lease payments receivable by the Fund are as follows:

	2023/24 £m	2022/23 £m
Within one year	41.7	37.5
Between one and five years	141.4	130.4
Later than five years	169.1	152.5
Total future lease payments due under existing contracts	**352.2**	**320.4**

The receivables above have been reduced by a credit loss allowance of 1% per annum reflecting the Fund's expected loss from late or non-recovery of rents from tenants. This deduction is based on advice from the Fund's property letting agents.

Note 17 - Fair Value - Basis of valuation

The basis of the valuation of each class of investment assets is detailed below. There has not been any change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Asset type	Valuation level	Basis of valuation	Observable and unobservable inputs	Key sensitivity
Market quoted investments	1	Published bid market price ruling on 31 March 2024.	n/a	n/a
Quoted bonds	1	Market bid price based on current yields.	n/a	n/a
Futures	1	Published exchange prices at 31 March 2024.	n/a	n/a
Unquoted bonds	2	Average of broker prices.	Evaluated price feeds.	n/a

Pooled Investment vehicles - unit trusts and property funds	2	PIV are stated at the bid price quoted or the closing single market prices.	Net Asset Value based pricing set on a forward pricing basis.	n/a
Forward foreign exchange derivatives	2	Market forward exchange rates at 31 March 2024.	Exchange rate risk.	n/a
Unquoted equity (includes Private Equity, Infrastructure and Absolute Return/Diversified Growth Funds)	3	Value is based on the latest investor reports and financial statements provided by the fund managers of the underlying funds, adjusted for transactions arising after the date of such reports.	Earnings before interest, tax, depreciation and amortisation (EBITDA) multiple, revenue multiple, discounted cash flows, discount for lack of marketability.	Could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts.
Bulk annuity insurance buy-in	3	Provided by the Fund's Actuary based on a roll-forward of the value placed on the buy-in held within one of the Admitted Body Separate Funds and most recently valued as part of the Fund’s triennial actuarial valuation as at	Key underlying inputs for the valuation are the discount rate and life expectancy. Discount rate has been set at 4.85% with reference to the 11 year point of the Bank of England	Adjustments to discount rate and life expectancy.

		31 March 2022 allowing for estimated level pensions paid and the change in the discount rate used to value the buy-in.	nominal gilt yield curve, consistent with the 2023 valuation of the Admitted Body Separate Fund.	

Note 17 - Fair Value - Basis of valuation

Sensitivity of assets valued at level 3

The table below details the Fund's review of financial information as provided by appointed independent investment consultants. The valuation methods detailed above are likely to be accurate to within the ranges and, as set out below, the consequent potential impact on the closing value of investments at 31 March 2024 and 31 March 2023.

	Valuation range* % (+/-)	Valuation at 31 March 2024 £m	Valuation increase £m	Valuation decrease £m
Freehold and leasehold property	13.7	1,019.2	1,158.8	879.6
Private equity	23.0	1,449.8	1,783.2	1,116.3
Infrastructure	13.3	933.3	1,057.5	809.2
Absolute return/Diversified growth	10.2	114.9	126.6	103.2
Unit Trusts - UK property	13.7	227.0	258.1	195.9
Foreign property	13.7	83.6	95.1	72.1
Fixed interest	9.0	841.7	917.5	766.9
		4,669.5	**5,396.8**	**3,942.3**

* The valuation range % figures for each asset class are based on the modelling of West Midlands Pension Fund's asset allocation as at 31 March 2024

	Valuation range* % (+/-)	Valuation at 31 March 2024 £m	Valuation increase £m	Valuation decrease £m
Freehold and leasehold property	1.9	1,007.9	1,127.5	888.3
Private equity	30.6	1,396.9	1,823.9	969.8
Infrastructure	12.7	1,036.2	1,167.3	905.1
Absolute return/Diversified growth	17.5	313.3	368.1	258.6
Unit Trusts - UK property	11.9	234.8	262.7	207.0

Foreign property	11.9	104.7	117.2	92.3
Fixed interest	11.6	604.3	674.4	534.2
		4,698.1	**5,541.1**	**3,855.3**

The key underlying inputs for the annuity insurance buy-in level 3 valuation are the discount rate and life expectancy. The impact of changes as calculated by the Fund's Actuary is shown below:

Change in assumptions - year ended 31 March 2024:

	Adjustment	Valuation at 31 March 2024 £m	Valuation Increase £m	Valuation Decrease £m
Adjustment to discount rate	(+/-) 1%	107.8	129.4	86.2
Adjustment to life expectancy assumptions	(+/-) 1 year	107.8	112.1	103.5

Change in assumptions - year ended 31 March 2023:

	Adjustment	Valuation at 31 March 2023 £m	Valuation Increase £m	Valuation Decrease £m
Adjustment to discount rate	(+/-) 1%	118.0	141.6	94.4
Adjustment to life expectancy assumptions	(+/-) 1 year	118.0	136.2	113.3

Note 17 (i) - Fair Value hierarchy

The valuation of investment assets has been classified into three levels according to the quality and reliability of information used to determine fair values. Criteria utilised in the instrument classifications are detailed below:

Level 1
Investment assets at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed interest securities, quoted index linked securities and unit trusts. Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2
Investment assets 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 and where these techniques use inputs that are based significantly on observable market data.

Level 3
Investment assets 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. Such instruments would include unquoted equity investments and hedging of funds, which are valued using various valuation techniques that require significant judgement in the determining of appropriate assumptions.
The values of the investments in private equity, infrastructure and absolute return/diversified growth funds are based on the latest investor reports and financial statements provided by the fund managers of the underlying funds. Valuations are undertaken quarterly, and an adjustment is made to roll forward the latest available valuation to 31 March as appropriate.
The values of the investments in hedge funds are based on the net asset value provided by the fund manager. Fund valuations are obtained through external experts with assurance provided via the audit opinion. The following table provides an analysis of the financial assets and liabilities of the pension fund grouped into levels 1 to 3, based on the level at which fair value is observable.

Value at 31 March 2024	Quoted market price Level 1 £m	Using observable inputs Level 2 £m	With significant unobservable inputs Level 3 £m	Total £m
Financial assets at fair value through profit and loss	9,078.3	6,255.8	3,650.3	18,984.4
Non-financial assets at fair value through profit and loss	-	-	1,019.2	1,019.2
	9,078.3	**6.255.8**	**4,669.5**	**20,003.6**
Bulk annuity insurance buy-in at fair value through profit and loss	-	-	107.8	107.8
	9,078.3	**6,255.8**	**4,777.3**	**20,114.4**

Value at 31 March 2023	Quoted market price Level 1 £m	Using observable inputs Level 2 £m	With significant unobservable inputs Level 3 £m	Total £m
Financial assets at fair value through profit and loss	10,684.8	3,394.5	3,690.2	17,769.5
Non-financial assets at fair value through profit and loss	-	-	1,007.9	1,007.9
Financial liabilities at fair value through profit and loss	-	(2.4)	-	(2.4)
	10,684.8	**3.392.1**	**4,698.1**	**18,775.0**
Bulk annuity insurance buy-in at fair value through profit and loss	-	-	118.0	118.0
	10,684.8	**3,392.1**	**4,816.1**	**18,893.0**

Note 17 (ii) - Reconciliation of fair value measurements within level 3

	Market value 31 March 2023 £m	Purchases during the year £m	Sales during the year £m	Unrealised gains/losses* £m	Realised gains/losses £m	Market value 31 March 2024 £m
Freehold and Leasehold Property	1,007.9	84.1	(48.0)	(24.8)	-	1,109.2
Private Equity	1,396.9	133.3	(113.5)	(38.7)	71.9	1,449.9
Infrastructure	1,036.2	-	-	(102.9)	-	933.3
Absolute Return/Diversified Growth	313.3	48.4	(142.9)	(121.2)	17.2	114.8
Unit Trusts - UK Property	339.5	-	(8.1)	(21.3)	0.5	310.6
Fixed interest	604.3	233.1	(119.9)	123.0	1.2	841.7
	4,698.1	**498.9**	**(432.4)**	**(185.9)**	**90.8**	**4,669.5**

* Unrealised gains/losses presented includes management fees deducted at source
** Unrealised and realised gains and losses are recognised in the changes in value of investment line of the Fund account

Bulk annuity insurance buy-in contract

The transfer of assets from the former WMITA Fund to Admitted Body Separate Funds (ABSFs) within WMPF included a bulk annuity insurance buy-in contract with Prudential Retirement Income Limited. The insurance cover provides that the insurer underwrites the risk for meeting the liabilities of a specified group of pensioners on the former West Midlands Travel Limited pensions payroll as at 11 August 2011. The insurance provider will pay the cost of the monthly pension payments for this group whilst they or their dependants are entitled to a pension.

Benefits recharged to Prudential during the year have been credited to the Fund account (and relevant ABSF) and the value of the buy-in recalculated at year end by the Fund Actuary and recognised in the Net Assets Statement as follows:

	31 March 2024 £m	31 March 2023 £m
Bulk annuity insurance buy-in contract value at start of year	118.0	174.0
Actuarial revaluation of insurance contract:		
Interest on buy-in	6.0	3.0
Change in demographic assumptions	(1.0)	(14.0)
Change in actuarial assumptions	(1.0)	(33.0)
Actuarial experience	-	2.0
	4.0	**(42.0)**
Level pensions paid by insurer	(14.2)	(14.0)
Bulk annuity insurance buy-in contract value at end of year	**107.8**	**118.0**

The value of the buy-in as at 31 March 2024 is based on a roll-forward of the value placed on the buy-in as part of the 2022 accounting valuation, allowing for estimated level pensions paid, changes in demographic assumptions and the change in the discount rate used to value the buy-in.

The discount rate underlying the value of the buy-in at 31 March 2023, for the purposes of last year's accounting report, was 4.75% pa. The 31 March 2024 discount rate has been set equal to the discount rate of the IAS26 obligations at 4.85% pa. The value of the buy-in has therefore been set equal to the portion of the pensioner obligations within the total IAS26 obligations which it insures.

Note P18 - Investment capital commitments

	2023/24 £m	2022/23 £m
Non-publicly quoted equities and infrastructure	29.9	2,042.3
Property	1,543.1	44.6
	1,573.0	**2,086.9**

Note P19 – Long-term debtors

	2023/24 £m	2022/23 £m
Reimbursement of lifetime tax allowances	6.4	6.0
	6.4	**6.0**

Note P20 – Current assets

	2023/24 £m	2022/23 £m
Contributions Receivable		
Employers' future service	50.4	20.3
Employers' past service deficit	2.6	3.7
Members	12.4	12.1
Other receivables	4.9	15.1
	70.3	**51.2**
Cash at bank	21.6	31.0
	91.9	**82.2**

Note P21 – Current liabilities

	2023/24 £m	2022/23 £m
Pensions and lump sum benefits	6.7	2.0
Receipts in advance	-	0.1
Other payables	18.7	21.3
	25.4	**23.4**

Note P22 - Additional voluntary contributions

As well as joining the Fund, scheme members can pay into an additional voluntary contribution (AVC) scheme run by two AVC providers. Contributions are paid directly from scheme members to the AVC providers.

The contributions are not included within the Fund accounts, in line with regulation 4 (2) (b) of the Pension Scheme (Management and Investment of Funds) Regulations 2009. The table below shows the activity for each AVC provider in the year. * Draft figures are provided at the time of publication, final figures expected July 2024.

	2023/24		2022/23	
	Utmost life £m	**Prudential £m**	**Utmost Life £m**	**Prudential £m**
Opening value of the fund	1.3	43.1	1.5	36.6
Income	0.1	5.1	0.1	4.9
Expenditure	(0.2)	(3.5)	(0.3)	(7.3)
Change in market value	-	(2.6)	0	8.9
	1.2	**42.1**	**1.3**	**43.1**

Note P23 – Financial instruments

Net gains and losses on financial instruments:

	2023/24 £m	2022/23 £m
Financial assets - Fair value through profit and loss	1,552.4	(355.4)
Closing value of the fund	**1,552.4**	**(355.4)**

	2023/24		2022/23	
	Fair value through profit and loss	At amortised cost	Fair value through profit and loss	At amortised cost
	£m	£m	£m	£m
Financial assets				
Bonds	2,997.3	-	215.3	
UK equities	57.8	-	43.0	
Overseas equities	2,212.5	-	2,389.4	
Pooled investment vehicles	13,716.8	-	15,121.9	
Derivative contracts	1.8	-	-	
Bulk annuity insurance buy-in	107.8	-	118.0	
Cash	-	1,034.2	-	693.4
Other investment balances	-	20.6	-	5.7
Debtors	-	76.7	-	57.2
Financial liabilities			-	
Derivative contracts	-	-	(2.4)	-
Creditors	-	(25.4)	-	(23.4)
Closing value of the fund	**19,094.0**	**1,106.1**	**17,885.2**	**732.9**

All realised gains and losses arise from the sale or disposal of financial assets that have been derecognised in the financial statements. The Fund has not entered into any financial guarantees that are required to be accounted for as financial instruments.

Note P24 - The nature and extent of risks arising from financial instruments

Risk management

The main investment objective of the Fund is to optimise return whilst managing market risk exposure within an acceptable tolerance. This is achieved by investing assets across a diversified portfolio. The Fund also manages its liquidity risk to ensure there is sufficient liquidity to meet forecasted cash flows.

The Fund's activities expose it to a variety of financial risks, including:

1) Investment risk – the possibility that the Fund will not receive the expected returns.
2) Counterparty and credit risk – the possibility that other parties might fail to pay amounts due to the Fund.
3) Liquidity risk – the possibility that the Fund might not have funds available to meet its commitments to make payments as they fall due.
4) Valuation risk – the possibility that the value of an illiquid asset, when realised upon sale, differs from the valuation placed on it based on a valuer's opinion.
5) Market risk – the possibility that financial loss might arise as a result of market movements. This is split into the following subsections:
    a) Currency risk – the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
    b) Interest rate risk – the risk that future cash flows will fluctuate because of changes in market interest rates.
    c) Other price risk – the risk that the value of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Investment risk

To achieve its statutory obligations to pay pensions, the Fund invests its assets, including employer and employee contributions, in a way that allows it to meet its liabilities as they fall due for payment. It does this by investing with regard to its liabilities assessed through the triennial actuarial valuation followed by an appropriate asset allocation, which is monitored on an ongoing basis to ensure it remains appropriate.

Counterparty risk

In deciding to effect any transaction for the Fund, steps are taken to ensure that the respective counterparty is suitable and reliable, that the transaction is in line with the Fund's strategy and that the terms and circumstances of the transaction are the best available in the relevant market at the time. Comprehensive due diligence processes are in place to ensure that any potential counterparty is authorised and regulated, competent to deal in investments of the type and size contemplated and has appropriate administration arrangements with regard to independent auditors, robust administration and accounting, relevant legal structure and experienced staff.

Credit risk

The Fund's credit risk is largely associated with its fixed income investments. This risk stems from third parties potentially failing to meet interest payments or failing to return the Fund's principal at the end of the investment period. There is also credit/counterparty risk associated with derivative instruments within the Fund's illiquid investments and those used to hedge certain risks, such as foreign currency exposures as well as with rental income earned within the Fund's property portfolios.

The Fund's surplus cash may be placed with an approved financial institution on a short-term basis and in accordance with the cash management policy and restrictions set out in the Treasury Policy. The policy specifies the cash deposit limit with each approved counterparty, as determined by a review undertaken by Fund officers using rating and market research data, which is reviewed on a regular basis. Due diligence is conducted on potential money market funds with criteria such as credit rating, same-day access and minimum assets under management being prerequisite.

The tables below outline the Fund's money market and bank deposit holdings, by long-term Fitch rating, as at 31 March 2024 and 31 March 2023:

	Long term Fitch rating1	**Value at 31 March 2024 £m**	**Value at 31 March 2023 £m**
Money market funds			
HSBC GBP Liquidity Fund Class H	Aaa-mf	62.6	5.8
HSBC USD Liquidity Fund Class H	Aaa-mf	581.2	7.6
LGIM GBP Liquidity Fund	AAAmmf	225.4	4.0
Insight GBP Liquidity Fund	AAAmmf	5.0	8.0
Invesco GBP Liquidity Fund	AAAmmf	11.0	2.4
Custody and deposit accounts			
CBRE Client Account West Midlands Met Authority		8.4	21.2
HSBC GBP Cash	AA-	3.7	87.3

HSBC Non-GBP Cash[2]	AA-	0.5	493.4
		897.8	**629.7**

[1] Moody's rating used if no Fitch rating available. Sourced as at 31 March 2024.
[2] Includes various foreign currency balances. Total value expressed in GBP.

Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due, especially pension payments to its members. The Fund therefore takes steps to ensure that it has adequate cash resources to meet its commitments. The appropriate strategic level of cash balances to be held forms part of the Fund's investment strategy and the Fund carries out cash flow planning in respect of contributions, benefit payments, investment income and capital calls/distributions on an ongoing basis.

The risk that the Fund will be unable to raise cash to meet its liabilities is considered low. Due to having cashflow management procedures in place, the Fund is able to invest in illiquid asset classes and take advantage of the illiquidity premium that can be found in these investments where appropriate.

Valuation risk

Valuation risk represents the risk that the value of an illiquid asset, when realised upon sale, differs from the valuation placed on it based on a valuer's opinion. The valuation of assets, and thus the management of valuation risk, is delegated to the Fund's appointed investment managers.

IFRS 13, Fair Value Measurement, seeks to increase consistency and comparability in fair value measurements through a 'fair value hierarchy', which categorises the inputs used in valuation techniques into three levels. Level 1 assets are those for which fair value can be measured via quoted prices in active markets for identical assets (such as those traded on stock exchanges). Level 2 assets require inputs other than quoted market prices falling under level 1 for fair value assessment (such as prices quoted in inactive markets, interest rates or credit spreads, for example). Level 3 assets require unobservable (non-public) inputs for fair value assessment and in practical terms, are those considered to be the most illiquid and difficult to value.

The majority of the Fund's underlying investments are in liquid quoted assets, representing minimal valuation risk (falling under level 1 and 2 of IFRS 13's fair value hierarchy). The Fund has investments in property, infrastructure and certain other illiquid assets that are classified as level 3 assets with a fair value of £4,669.5m as at 31 March 2023 (2023: £4,816.3m), which represents 22.2% of total assets (2023: 26%). The guidance of IFRS 13 includes additional disclosures for level 3 measurements that include the reconciliation of opening and closing balances and quantitative information about unobservable inputs and assumptions used. Valuation of the Fund's investments falling under the scope of this guidance is conducted by their respective appointed investment managers.

Market risk - currency risk

Currency risk represents 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 is exposed to currency risk on any financial instruments not denominated in GBP sterling, the functional currency of the Fund. The Fund holds both monetary and non-monetary assets denominated in currencies other than GBP. The table below indicates a measure of the sensitivity of the investment assets and cash balances within each asset class to currency market movements, based on the expected 1-year standard deviations of each of the underlying foreign currency exposures within the respective asset classes.

The calculations behind these potential market movements account for the diversification effects between currencies within each holding. The calculations do not account for any currency risk management overlay strategy the Fund may use from time to time.

Currency risk sensitivity analysis

Asset Type	Asset value as at 31 March 2024 £m	Potential market movement £m[1]	Value on Increase £m	Value on Decrease £m
Equities[2]	8,526.9	655.8	9,182.7	7,871.1
Property	83.6	7.1	90.7	76.5
Fixed Interest[3]	921.6	67.9	989.5	853.7
Private Equity	854.6	65.0	919.6	789.6
Alternatives[4]	373.3	30.3	403.6	343.0
Liquid Assets	659.0	56.4	715.4	602.6
Total[5]	**11,419.0**	**882.5**	**12,301.5**	**10,536.5**

[1] Accounts for diversification between currencies but not any currency hedging via derivatives.
[2] Currency exposures of the overseas equity holdings have been calculated using generic indices.
[3] Includes exposure to fixed interest gilts, index-linked gilts, overseas government bonds, corporate bonds, emerging market debt, multi-asset credit and private credit.
[4] Includes exposure to absolute return and infrastructure investments.
[5] Excludes exposure to derivate contracts.

Asset Type	Asset value as at 31 March 2023 £m	Potential market movement £m[1]	Value on Increase £m	Value on Decrease £m
Equities[2]	9,293.0	800.1	10,093.1	8,492.9
Property	104.7	10.0	114.7	94.7
Fixed Interest[3]	907.7	76.1	983.8	831.6
Private Equity	847.7	72.2	919.9	775.5
Alternatives[4]	486.9	43.0	529.9	443.9
Liquid Assets	498.2	45.8	544.0	452.4
Total[5]	**12,138.2**	**1,047.2**	**13,185.4**	**11,091.1**

1 Accounts for diversification between currencies but not any currency hedging via derivatives.
2 Currency exposures of the overseas equity holdings have been calculated using generic indices.
3 Includes exposure to fixed interest gilts, index-linked gilts, overseas government bonds, corporate bonds, emerging market debt, multi-asset credit and private credit.
4 Includes exposure to absolute return and infrastructure investments.
5 Excludes exposure to derivate contracts.

Market risk - interest rate risk

The Fund recognises that movements in interest rates can affect both income to the Fund and the value of the Fund's assets, both of which affect the value of the assets available to pay benefits. The tables below estimate the impact of a 100 basis points (bps) interest rate movement on the value of the Fund's Fixed Income assets, using the duration of the underlying positions in each asset class which have been obtained from the fund managers, to approximate the sensitivity to interest rate movements. This analysis assumes that all other variables (such as exchange rate movements) are constant, assessing only the impact of interest rate movements in isolation.

Interest rate risk sensitivity analysis

	Carrying amount as at 31 March 2024	Change in year in the net assets available to pay benefits	
		+100bps	-100bps
	£m	£m	£m
Index-linked Gilts	2,743.8	(435.7)	435.7
Gilt Future	950.2	(82.0)	82.0
Overseas Government Bonds	93.5	(6.2)	6.2
Corporate Bonds	1,116.6	(60.8)	60.8
Emerging Market Debt	791.7	(52.6)	52.6
Multi-Asset Credit	721.5	(37.0)	37.0
Private Credit	841.7	(2.1)	2.1
Swaps[3]	1.8	(0.1)	0.1
Total	**7,260.8**	**(676.5)**	**676.5**

[1] Includes interest rate, inflation and total return swaps in the WMTL and PBL LDI portfolios.
Note: Durations are as at 31 March 2024.

	Carrying amount as at 31 March 2023	Change in year in the net assets available to pay benefits	
		+100bps	-100bps
	£m[1]	£m	£m
Index-linked Gilts	764.4	(129.6)	129.6
Gilt Future	186.2	(21.7)	21.7
Overseas Government Bonds	97.5	(6.8)	6.8
Corporate Bonds	1,021.8	(54.4)	54.4
Emerging Market Debt	715.5	(43.4)	43.4
Multi-Asset Credit	707.0	(16.6)	16.6
Private Credit[2]	602.3	(1.6)	1.6
Swaps[3]	(2.4)	(0.2)	0.2
Total	**4,092.3**	**(274.3)**	**274.3**

[1] Sourced from the West Midlands Pension Fund's and Admitted Body Separate Fund's Q4 2022/2023 Net Asset Statements.
[2] Excludes legacy and immaterial positions (total: £2.0m).
[3] Includes interest rate, inflation and total return swaps in the WMTL and PBL LDI portfolios. The impact of a 100bps increase/decrease has been calculated based on PV01.
Note: Durations are as at 31 March 2023.

Market risk - other price risk

The Fund is exposed to other market risks, such as share and derivative price risks, which arises from investments held by the Fund of which the future price is uncertain. The Fund aims to reduce the exposure to this price risk by ensuring appropriate levels of diversification in its asset allocation. The asset allocation is monitored on an ongoing basis to ensure it remains in line with the limits specified in the Fund's investment strategy.

The tables below indicate a measure of sensitivity of the returns of each major asset class in which the Fund is invested, based on the 1-year standard deviation of returns within the respective asset classes, excluding the effects of interest rate risk and currency risk which are disclosed separately above. The tables also show an estimate of the impact of this potential volatility on asset values.

Other price risk sensitivity analysis

	Carrying amount as at 31 March 2024 £m[1]	Assumed 1 Year Volatility of Asset Class[2]	Value on increase £m	Value on decrease £m
UK equities	426.2	15.70%	493.1	359.3
Global equities (ex UK)	8,490.5	15.70%	9,823.5	7,157.5
Property	1,329.8	13.70%	1,512.0	1,147.6
Fixed interest[3]	7,259.0	4.80%	7,607.4	6,910.6
Private equity	1,449.8	23.00%	1,783.2	1,116.3
Alternatives[4]	1,048.3	9.90%	1,152.0	944.5
	20,003.6		**22,371.2**	**17,635.8**

[1] Volatility figures for each asset class are based on the modelling of West Midlands Pension Fund's asset allocation as at 31 March 2024, using assumptions provided by Mercer.
[2] Includes exposure to fixed interest gilts, index-linked gilts, overseas government bonds, corporate bonds, emerging market debt, multi-asset credit and private credit.
[3] Includes exposure to absolute return and infrastructure investments.
[4] Excludes derivate contracts, cash deposits, foreign currency holdings and the outstanding dividend entitlement.

	Carrying amount as at 31 March 2023 £m[1]	Assumed 1 Year Volatility of Asset Class[2]	Value on increase £m	Value on decrease £m
UK equities	1,350.5	18.60%	1,601.7	1,099.3
Global equities (ex UK)	9,236.2	16.00%	10,714.0	7,758.4
Property	1,347.4	11.90%	1,507.7	1,187.1
Fixed interest[3]	4,096.8	4.80%	4,293.4	3,900.2
Private equity	1,396.9	30.60%	1,824.4	969.4
Alternatives[4]	1,349.6	11.80%	1,508.9	1190.3
	18,777.4		**21,450.1**	**16,104.7**

[1] Sourced from the West Midlands Pension Fund's and Admitted Body Separate Fund's Q4 2022/2023 Net Asset Statements.
[2] Volatility figures for each asset class are based on the modelling of West Midlands Pension Fund's asset allocation as at 31 March 2023.
[3] Includes exposure to fixed interest gilts, index-linked gilts, overseas government bonds, corporate bonds, emerging market debt, multi-asset credit and private credit.
[4] Includes exposure to absolute return and infrastructure investments.
[5] Excludes derivate contracts, cash deposits, foreign currency holdings and the outstanding dividend entitlement.

The total Fund volatility taking into account the expected interactions between the different asset classes shown, based on the underlying volatilities and correlations of the assets, in line with mean variance portfolio theory is 12.4%. On this basis, the total value on increase is £22,371.2m (2023: £21,450.1m) and the total value on decrease is £17,635.8m (2023: £16,104.7m). Due to the approach taken to determine the total Fund volatility (in which the beneficial impact of diversification is recognised), the monetary impact on the total Fund assets is determined using the total Fund volatility, which is lower than the sum of the monetary impact for each asset class.

Reputational risk

The Fund's prudent approach to the collective risks listed above and compliance with best practice in corporate governance ensures that reputational risk is kept to a minimum.

Note P25 - Impairment for bad and doubtful debts

The following write offs of pension payments were reported in this financial year, in line with the Fund's policy:

	2023/24		2022/23	
	Number	**Total**	**Number**	**Total**
		£		**£**
Less than £100	-	-	6	181
£100 - £500	-	-	-	-
Over £500	-	-	-	-
Total	**-**	**-**	**8**	**181**

* At the time of publishing this Statement of Accounts in June 2024, the Fund is finalising the values as at 31 March 2024. The table above will therefore be updated prior to submission to external audit.

Note P26 - Related parties

Pensions administration and certain investment functions are performed by the City of Wolverhampton Council and the costs shown in Note P13 above are recharged to the Fund. Contributions of £43.6m were receivable from the City of Wolverhampton Council for 2023/24 (2022/23: £24.7m) - City of Wolverhampton Council had paid its 2022/23 future service contributions in advance as part of a lump sum payment of £57.3m on 30 April 2019. Balances owed by and to the Council at the year-end are included within Notes P19, P20 and P21.

Pensions Committee

Six members of the Pensions Committee are also members of the Fund as set out below:

Pensioner	Councillors:	M Jaspal	T Singh
	Trade Union Representatives:	M Clift	M Cantello
Beneficiary pensioner:		None to report	
Deferred	Councillor:	A Mattu	

Active Trade Union Representative: J Wadrup

Each member of the Pensions Committee is required to declare any interests relevant to the matters being discussed at each meeting.

There are five employing bodies (2022/23: Five) of the Fund in which a member of the Committee has declared an interest for 2023/24. Contributions from each of these employers are set out below:

	Contributions receivable 2023/24 £'000	**Contributions receivable 2022/23 £'000**
Birmingham City Council	137,429	26,299
Goldthorne Park Primary School	154	140
Kingswood Trust	N/a	29
Perryfields Academy - Broadleaf Partnership Trust	282	N/a
Sandwell Children's Trust	N/a	4,856
West Midlands Combined Authority	N/a	4,356
Woden Primary School - Central Learning Partnership Trust	175	N/a
Wolverhampton Homes	4,439	N/a

Help to own

In 2021, the Fund invested in the Help to own scheme, a joint venture between City of Wolverhampton Council and the West Midlands Combined Authority to pilot an affordable housing project. Help to Own helps to address the issue that many potential buyers in work have when looking to buy a home, raising a deposit to secure a mortgage. As at 31 March 2024, within the investment bounties, the Fund had made a loan totalling £12.1m (2023: £12.7m) to the scheme.

LGPS Central Limited

LGPS Central Limited has been established to manage investment assets on behalf of eight Local Government Pension Scheme (LGPS) funds across the Midlands. It is jointly owned in equal shares by the eight administering authorities participating in the LGPS Central Pool, of which City of Wolverhampton Council, as the administering authority for West Midlands Pension Fund, is one of the shareholders. Each authority has one Class A voting share in LGPS Central Limited.

City of Wolverhampton Council (via the Pension Fund) has invested £1.315m in LGPS Central Limited class B shares and £0.685m in class C shares in 2017/18 and these are both carried as balances in net investment assets at this year end.

The Fund has agreed a number of advisory agreements covering a range of asset classes for which LGPS Central has provided services to the Fund. The charges in respect of these services totalled £2.197m in 2023/24 (2022/23: £2.150 million). The amount outstanding in respect of these services at 31 March 2024 was £1.282m (31 March 2023: £0.552m).

As part of the Pool Cost Sharing Arrangement, the Pension Fund was invoiced £3.832m respect of Governance, Operator Running and Product Development costs by LGPS Central Limited for 2023/24 (2022/23: £2.873m). The amount outstanding in respect of these services at 31 March 2024 was £0.813m (31 March 2023: £0.742m).

LGPS Central Limited is an admitted body and employs staff that are active members of the West Midlands Pension Fund. Normal contributions receivable from LGPS Central Limited for the year to 31 March 2024 were £727,600 (2022/23: £613,900).

Key management personnel

The Fund has identified the Executive Director of Pensions, West Midlands Pension Fund and the Chief Executive, City of Wolverhampton Council as key management personnel with the authority and responsibility to control or exercise significant influence over the financial and reporting decisions of the Fund. The combined compensation for these officers attributable to West Midlands Pension Fund is shown in the table below:

	2023/24 £'000	**2022/23 £'000**
Short-term benefits	153	146
Post-employment benefits*	119	38
	272	**184**

* Post-employment benefits reflect the change in cash equivalent transfer value (CETV) of pension year on year. New pension factors were published for the scheme with effect from June 2023 this change in factors accounts for £67,000 of post employment benefits for 2023/24.

Note P27 - Events after the reporting date

No post balance sheet events have occurred which impact upon the balances and transactions reported for the year.

EXECUTIVE SUMMARY

The Council is committed to improving the lives of all the residents in the City of Wolverhampton by ensuring we remain focused on realising our vision for the City. The Council's Corporate Plan - 'Our City, Our Plan' - sets out the Council's priorities and how, by delivering excellent services, being ambitious and creative, as well as meeting our challenges with confidence, we will make a real positive difference to the people, communities and businesses of our City.

The Council recognises that as a successful Council, its' success has been anchored in good governance and having a strong grip on financial management, both of which are underpinned by our values and can-do culture. The Council remains committed to this approach.

The Council's Local Code of Corporate Governance was updated in 2022 and is reviewed annually in line with the latest principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. The Code not only sets out how we ensure good governance is understood and embedded within the Council, but also requires the Council to demonstrate how that has been achieved through a clear evidence base.

The Council is required to produce an Annual Governance Statement (AGS) every year that provides assurance on how effectively the Council's governance arrangements have been working, as well as an opportunity to reflect upon the Council's compliance with those arrangements. This AGS therefore identifies areas where we need to improve. This statement relates to the year ending 31 March 2023/24 and up to the date of approval of the 2023/24 statement of accounts.

We are satisfied that this AGS provides assurance that the Council's governance arrangements have operated effectively during 2023/24. There has, over the last year, been demonstrable evidence of good governance and effective financial management, which continues to be the foundation of the Council's approach to delivering Our City, Our Plan.

Stephen Simkins, Leader of the Council

Date:

Tim Johnson, Chief Executive

Date:

Our City Our Plan

The Council's Our City Our Plan is structured around six priorities which are supported by three cross cutting principles as follows:

These priorities and principles are underpinned by the governance environment. This environment is consistent with the core principles of the latest CIPFA/ SOLACE framework. In reviewing the Council's priorities and the implications for its governance arrangements, the Council carries out an annual review of the elements that make up the governance framework to ensure it remains effective.

The key elements of the systems and processes that comprise the Council's governance framework, and where assurance against these is required, are described below. It is important to note that the Council has in place a strong culture of reporting with key performance indicators (including outcomes) included in the Our City Our Plan refreshed each year. These performance indicators are reported to Cabinet quarterly and to Scrutiny Board, along with the relevant budget position and the Council's strategic Risk Register ensuring that performance budget and risk are looked at together and issues addressed in the round. Each of the 6 scrutiny panels, which are focused on key aspects of Our City, Our Plan, then looks at performance, budget and risk within their specific areas and is able to carry out additional reviews to drive forwards performance.

Scope of Responsibility

The Accounts and Audit Regulations 2015 require the Council to conduct a review, at least once a year, on the effectiveness of its system of internal control and prepare an Annual Governance Statement (AGS) that reports on that review to Councillors, (namely, through its Audit and Risk Committee). The Council is responsible for ensuring that it conducts itself in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The AGS considers the effectiveness of our governance arrangements throughout 2023/24. The AGS highlights where we have identified any governance weaknesses but also identifies areas we want to further develop and improve so that we maintain effective governance arrangements that enable the Council to deliver on its priorities.

The Council has a best value duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness. The Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council is responsible for the strategic management and administration of the *West Midlands Pension Fund* with the Council's Chief Executive, Monitoring Officer and Section 151 Officer holding specific responsibilities for supporting both the members of the Pensions Committee and the Local Pension Board in their role.

The Council has a number of bodies that it either owns or has a potential liability for. This statement also covers the approach taken in relation to these and specifically covers how the Council ensures that there is good governance in respect of these other bodies – the most relevant bodies are listed below:

- ***Wolverhampton Homes*** – this is an Arm's Length (Housing) Management Organisation (ALMO) which is a company wholly owned by the Council.

- ***City of Wolverhampton Housing Company Limited ("WV Living")*** – this is a wholly owned trading company set up under the powers in the Local Government Act 2003 and is focused on developing properties within the City to meet the Council's aspirations in terms of available housing.

- ***Yoo Recruit Limited*** – this is a wholly owned trading company set up as a cost-cutting and potential income-generation exercise under the powers in the Local Government Act 2003 and provides staffing to the Council and other bodies.

- ***Help 2 Own*** – this is a limited liability partnership that was jointly established with the West Midlands Combined Authority in 2021 to pilot an affordable housing product that helps to address the issue that many potential buyers who are in work have in raising the deposit to secure a mortgage.

The Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. The framework brings together an underlying set of legislative requirements, good practice principles and management processes. The Council has adopted a Local Code of Corporate Governance, which is consistent with the seven principles of Corporate Governance as set out in the CIPFA/SOLACE (2016) Framework Delivering Good Governance in Local Government. A summary of the Council's Local Code is set out in Table 1 below, and the full Local Code is available on the Council's website.

The Head of Paid Service, the Monitoring Officer and the Chief Finance Officer (Section 151 Officer) as the three primary statutory officers, each confirm that they have sufficient and appropriate resources to carry out their respective functions, duties and responsibilities.

Risk management and internal control are a significant part of the governance framework and are designed to manage risk to a reasonable level. These measures cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The systems of risk management and internal control are based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

TABLE 1

Core principles of the CIPFA/ SOLACE framework	Assurances required	Governance framework providing assurance	Review of Effectiveness	Issues identified
• Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law. • Ensuring openness and comprehensive stakeholder engagement. • Defining outcomes in terms of sustainable economic, social, and environmental benefits. • Determining the interventions necessary to optimise the achievement of the intended outcomes. • Developing the entity's capacity, including the capability of its leadership and the individuals within it. • Managing risks and performance through robust internal control and strong public financial management. • Implementing good practices in transparency, reporting, and audit to deliver effective accountability.	• Delivery and communication of an agreed corporate plan • Quality services are delivered efficiently and effectively • Clearly defined roles and functions • Management of risk • Effectiveness of internal controls • Compliance with laws, regulation, internal policies and procedures • Value for money and efficient management of resources • High standards of conduct and behaviour • Public accountability • Published information is accurate and reliable • Implementation of previous governance issues	• The Constitution • Statutory Chief Officers (Head of Paid Service, Chief Financial Officer and Monitoring Officer) • Council, Cabinet and Committees • Audit and Risk Committee • Scrutiny function including use of Select Committee where appropriate for a detailed look at an area of importance • Governance and Ethics Committee • Internal and External Audit • Strategic Executive Board • Directors Assurance Statements • Corporate and Business plans • Medium Term Financial Strategy • Strategic Risk Register • Codes of Conduct • Whistleblowing and other anti-fraud related policies • Financial and Contract Procedure Rules • Our People Strategy • HR policies and procedures	• External Audit Report to Those Charged with Governance (ISA 260) Report – unqualified opinion • Annual Internal Audit - Report - unqualified opinion • Annual Audit and Risk Committee Report Councilto Council • Annual Statement of Accounts • Local Government Ombudsman Report • Scrutiny reviews • Annual Governance Statement – including the follow up of previous year issues • Reports from regulatory bodies including Ofsted	• **Procurement Compliance/Contract Management – Compliance with Contract Procedure Rules.** Whilst there has been improvement in the procurement approach and practices across the Council, there still remains incidents of procurement non-compliance. Procurement activity will continue to be monitored by the Procurement Team and reported to the Council senior management team to ensure such issues are reviewed and appropriate mitigating measures taken. • **Medium Term Financial Strategy** The Council's MTFS identifies an underlying, significant and recurring financial gap in the Council's finances after 2024/25. A rigorous programme of work designed to identify and deliver further

Core principles of the CIPFA/ SOLACE framework	Assurances required	Governance framework providing assurance	Review of Effectiveness	Issues identified
		• modern.gov (the council's committee management information system)		recurring savings has been identified as a key priority. (Further details in the Action Plan below). • **PSIAS** The Council's Internal Audit service has been externally assessed against the Public Sector Internal Audit Standards (PSIAS) All the recommendations identified in the review will be addressed. (Further details below). • **Improving recruitment and retention** Whilst various actions have been taken to improve recruitment and retention, the Council recognises that the effects of all the mitigating and proactive steps have yet to be seen. There are positive improvements emerging and further analysis will be necessary to identify other actions to improvement recruitment and retention.

Core principles of the CIPFA/ SOLACE framework	Assurances required	Governance framework providing assurance	Review of Effectiveness	Issues identified
				• **Non-compliance with internal procedures and other requirements** There have been an overall increase in the number of low-level compliance issues across Directorates which will be further explored and monitored. (Further details below).

The Financial Management Code

The Council continues to self-assess itself against the Financial Management Code, which includes the following core principles by which local authorities should be guided in managing their finances:

- Organisational **leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
- **Accountability** – financial management is based on medium-term financial planning, which drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
- Financial management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported with appropriate frequency and with evidence of periodic officer action and elected member decision making.
- Adherence to professional **standards** is promoted by the leadership team and is evidenced.
- Sources of **assurance** are recognised as an effective tool mainstreamed into financial management and include political scrutiny and the results of external audit, internal audit and inspection.
- The termlong-term **sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

The self-assessment found the Council to be in compliance with the Code. However, there were a limited number of matters where areas for improvement were identified. As a result of this, an action plan has been prepared and its implementation is being monitored. The results of this ongoing exercise continue to be reported to the Council's Audit and Risk Committee as appropriate.

The Review of Effectiveness

The Council has a 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 councillors and senior officers within the Council who have responsibility for the development and maintenance of the governance framework including Internal Audit's annual report, the Scrutiny function and also by reports made by the Council's external auditors and other review agencies and inspectorates. The above table helps illustrate this framework, where assurance is provided and the processes through which the effectiveness of these arrangements are reviewed.

Opinion for 2023-2024

The review of effectiveness has found the arrangements for the governance framework to be fit for purpose.

A key component of the review of effectiveness is through the work of the Council's Audit and Risk Committee and during the year the Committee continued helping to ensure that the Council had a modern, effective and risk focussed Committee. During the year they:

- Maintained the focus of the Committee on the Council's risk management arrangements, gaining an increased assurance that the Council was managing its risks well.

- Maintained a strong working relationship, through regular progress meetings, with the Council's External Auditors Grant Thornton, the Internal Auditors and Senior Officers. There was also further engagement with Grant Thornton, through regular consideration of their informative Audit Committee Update publications at Committee meetings. In addition, the Council subscribes to CIPFA's Better Governance Forum, who provide regular updates for Audit Committees. These periodic updates are included a specific agenda items at the Audit and Risk Committee meetings.

The Council's External Auditors, Grant Thornton, have increased their focus and due diligence on the Council's governance and financial management arrangements over recent years due to historic cases of corporate failures and the financial management of a number of Council's across the country. The Council were therefore pleased with outcomes of the external auditor's draft annual report for the 2022-2023 financial accounts which assessed the following three areas:

In all three areas, the Council received a positive outcome around the management of its financial sustainability. The Council were able to demonstrate it had effective governance arrangements in place through its risk management, scrutiny, internal audit service, audit and risk committee, compliance arrangements and leadership and decision-making processes.

Internal Audit

Internal Audit has reviewed itself against the governance arrangements set out in the CIPFA Statement on the Role of Head of Internal Audit and the Council is able to confirm that the arrangements conform to these requirements.

The Council's Internal Audit service is required to be externally assessed for conformance with the Public Sector Internal Audit Standards (PSIAS) every five years. The external assessment of the service was completed in April 2024, which confirmed that the Council was generally conforming with the PSIAS. An action plan has been developed to implement the recommendations from the external assessor's report.

As part of the 2022-2023 statement of accounts the Council's external auditors (Grant Thornton) undertook a review of the effectiveness of the Council's Internal Audit service. In their draft annual report, which was presented to the Council's Audit and Risk in January 2024, the following conclusion was provided:

> *The Ccouncil has an effective internal audit service in place this was in place during 2022-2023. Internal audit serves an important function as the main independent source of assurance on all internal controls internal audit is central to the council's framework of assurance and is required to acquire an understanding the council's risks and overall control environment.*

Internal Audit has concluded that based on the work undertaken during the year on areas of key risk, including the implementation by management of the recommendations made and the assurance made available to the Council by other providers as well as directly by Internal Audit, it can provide reasonable assurance that the Council has adequate and effective governance, risk management and internal control processes.

Scrutiny Arrangements – Annual Review

The chairperson of the Scrutiny Board, who took up post in Mmay 2023, has worked to strengthen the coordination of the Work Programme across Scrutiny Panels and raise awareness of the importance of the Scrutiny function within the organisation. The Council is committed to continuously improving its Scrutiny function to ensure efficient and effective governance. The Scrutiny function has undergone transformation, and has a clear focus on purpose, Councillor-led programs, and outcome focused. An internal tracking system has been introduced to monitor actions from meetings, ensuring accountability.

There is an emphasis on the Council's commitment to continuous improvement in Scrutiny, aligning with its duty as a Best Value Council to ensure efficiency, economy, and effectiveness in governance. The Strategic Executive Board recognises Scrutiny's role as a critical friend, holding the Executive to account and driving service improvement throughout the Council. Senior staff members highlight the transformation of the scrutiny function within the Council, with a renewed focus on the Scrutiny Work Programme led by Councillors. An internal tracking system has been introduced to monitor actions from meetings, ensuring accountability and follow-up on decisions. The significant activity in Scrutiny has been noted, with a high number of official public Scrutiny meetings held, including a substantial contribution from the Scrutiny Board. Meetings are transparent, with live streaming and recording available for public access, demonstrating the Council's commitment to openness and accountability.

The Scrutiny Panels have been effective in providing both challenge and support, with site visits proving valuable in understanding issues beyond reports. For example -

Specific Panels, such as the Resources and Equality Panel and the Children and Young People Panel, have delved into topics like governance of linked commercial bodies and support for homeless children. The work has led to improvements in services like the Blue Badge Service and Adult Social Care. Key topics addressed through the Council Scrutiny arrangements have included Inward Investment, Visitor Experience, Culture and Leisure Offer, and City Public Realm Works. Scrutiny Panels continue to scrutinise healthcare services, employment equality, and resident satisfaction, collaborating with relevant stakeholders to ensure quality service delivery.

Resources and Equality Panel considered the Council's arrangements for monitoring linked commercial trading bodies, for example Wolverhampton Homes and Yoo Recruit, that it either owns or controls and their performance. There has been consideration of lessons learnt nationally from the findings of other external auditors who have reviewed the governance arrangements of linked bodies at other Councils.

The work of Scrutiny has and continues to provide a balance between holding the Executive to account and challenging and supporting Council policies, with a focus on improving the impact of these policies on Wolverhampton residents.

Equal Pay

The Council, through an internal audit review and also an external legal review, considered the implications of equal pay in 2023, particularly in light of the issues that have emerged at Birmingham City Council. Based on these reviews, the Council does **not** believe it has the same issues that has led to the equal pay challenge at other authorities. The Council is bound by collective agreements and contractual arrangements which cannot be unilaterally altered. The Council also ensures it complies with all relevant legislation, including the Employment Rights Act 1996, Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, the Transfer of Undertakings (Protection of Employment) Regulations 2006 (as amended), Agency Workers Regulations 2010, and the Children & Families Act 2014.

The Council has taken steps to ensure pay grades have and are determined through an open, fair and transparent criteria, and that there is no discrimination within its pay structures, and all pay differentials can be objectively justified. The Council has and will continue to undertake regular reviews of its procedures and carry out annual internal audit reviews to assure itself. The Council therefore remains confident that it has taken all appropriate and requisite steps to mitigate and avoid any significant equal pay risk arising.

Best Value

Under the 1999 Local Government Act, local authorities must legally deliver what is termed 'Best Value' – a council must be able to show that it has arrangements to secure continuous improvement in how it carries out its work.

In July 2023, Government released new draft guidance on the Best Value Duty, which provided greater clarity to the local government sector on how to fulfil the Best Value Duty by describing what constitutes best value, the standards expected and the models of intervention at the Secretary of State's disposal in the event of failure to uphold these standards.

The draft guidance came at time where government has introduced a number of other measures to oversee local government efficiency and effectiveness. The Office for Local Government (Oflog) was launched in July 2023 to oversee local government performance, and the announcement by the Secretary of State that councils would need to submit productivity plans.

The guidance was finalised and published on 8 May 2024 and sets out **seven** overlapping themes of good practice for running an authority that meets and delivers best value. These seven best value themes build on the lessons learned from past interventions –

- **Continuous Improvement**: Make effective arrangements to secure continuous improvement in the way in which all its functions are exercised on an ongoing basis and at pace.

- **Leadership**: Effective political and administrative leaders who have a clear vision and set of priorities for their area, are key to building local economic growth, social cohesion and a healthy local democracy.

- **Governance**: A well-run council will have clear and robust governance and scrutiny arrangements in place that are fit for purpose, appropriate to the governance arrangements adopted locally (executive/committee system), understood by politicians and staff alike and reviewed regularly.

- **Culture**: The culture of a local authority is determined by its shared values, ethics and beliefs, how decisions are made, as well as how elected members and officers behave, interact and carry out their roles.

- Use of Resources: An authority must have in place and properly deploy an effective internal control environment to safeguard the use of resources, and clear and effective processes to secure value for money.

- **Service Delivery**: Poor individual services can often be an indication of broader governance and financial weaknesses within an authority.

- **Partnerships and Community Engagement**: Authorities should have a clear understanding of and focus on the benefits that can be gained by effective collaborative working with local partners and community engagement in order to achieve its strategic objectives and key outcomes for local people.

A detailed mapping exercise was undertaken by officers when the draft guidance was published in 2023 to benchmark the Council against the seven themes of good practice. The Council's self-assessment has concluded that the Council meets the requirements of the Government's draft guidance. The self-assessment, together with details as to why the Council believes it is compliant with the draft guidance, was reported to the Council's Governance and Ethics Committee in February 2024.

A further report will be brought back to the Governance and Ethics Committee now that the final guidance has been published.

Managing the risk of Fraud and Corruption

With regards to the latest CIPFA Code of practice on managing the risk of fraud and corruption - having considered all the principles, the Council is satisfied that it has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud. The activities undertaken in this area were primarily led during the year by the Audit and Risk Committee.

Opportunities for concerns to be raised

The Council is committed to upholding the highest standards of conduct and ethics, alongside its own Whistleblowing Policy, it has entered into the following arrangements in order to help enhance the opportunities available for anyone wishing to raise any concerns with the Council:

- A safe space run by SeeHearSpeakUp who provide an external and independent confidential reporting service for employees to report any serious concerns about any aspects of the Council's work. The site can be accessed at any time via a link on the City People homepage. Employees who have serious concerns about any aspect of the Council's work, can choose to come forward and voice those concerns in a safe and secure environment, in the knowledge that they will be taken seriously, and concerns will be investigated appropriately. Senior council officers who have been trained by SeeHearSpeakUp consider the concerns and identify any potential investigation and provide governance and assurance on all safe space matters disclosed with a view to safeguarding, consistency, equality and fairness.

- The Council also has a support arrangement with Protect (formerly Public Concern at Work), the whistleblowing charity and leading authority on whistleblowing in the UK. This arrangement gives access to Protect's whistleblowing regular updates and benchmark and diagnostic tools across key areas in.

CIPFA's Statement on the Role of the Chief Financial Officer in Local Government

The Council is required to confirm whether its financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government. The CIPFA Statement sets out five principles which define the core activities and behaviours that belong to the role of the CFO, namely –

Principles -

1 is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest;

2 must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and termlonger-term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy; and

3 must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the CFO:

4 must lead and direct a finance function that is resourced to be fit for purpose;

5 must be professionally qualified and suitably experienced.

The role of the Council's Section 151 Officer has been assessed against the CIPFA Statement and is compliant.

West Midlands Pension Fund

The West Midlands Pension Fund has completed its own "Assurance Framework – Supporting the Annual Governance Statement" which identified that there had been no adverse matters arising from the work behind their assurance framework.

Linked bodies

The Council has four linked bodies that are wholly owned companies of the Council. Governance and Ethics Committee adopted a Governance policy on Linked Bodies in November 2022 and regularly receives updating reports setting out the current position of each company including proposals and arrangements for its future. The last report was presented in November 2023 and the Monitoring Officer advised members that the Council is in a good position in relation to Linked body Governance arrangements and maintains sound oversight of operations. The relevant Scrutiny Panels also receive an annual report (as the relevant body) and updates are given at least 6-weekly to Executive and Opposition Leader on performance, budgets and risk. Other panels receive updates as necessary.

Each Linked Body has a business case and a regularly refreshed business plan setting out the key performance indicators and expected standards of operation. In 2024, the Council established a new Shareholder Board to overseenoversee all Linked Bodies to ensure consistency in approach to decision making and compliance with each Linked Body's shareholder agreement and business case/plan, and increased the number of Shareholder Board members from 5 to 10 councillors. An annual governance review is undertaken of each Linked Body as well as a deep dive every three years. Each linked Body has its own audit and all of the most recent reports have been unqualified.

There will continue to be careful consideration to the way in which the Council monitors its Linked Bodies and learns lessons from best practice and issues in other authorities.

- Wolverhampton Homes (WH)

  WH was established as an Arm's Length Management Organisation (ALMO) and its governing arrangements were subject to a detailed review by the Council in 2023 to ensure that they were fit for purpose.

Work is underway to create a new Management Agreement between the Council and Wolverhampton Homes which will set out the contractual and governance arrangements between the parties. A detailed report was taken to Scrutiny Panel in September 2023 and an updating report will be submitted in October 2024.

Further work is in progress to strengthen client function, develop a shared evidence base and to review the Service Level Agreements WH has with the Council in relation to the various support services provided. The Council's arrangement with WH is due to expire in 2028 and plans for its future will take account of the effectiveness of this work.

The Council's internal auditors provide the internal audit service for Wolverhampton Homes. They were able to provide reasonable assurance that the Company had adequate and effective governance, risk management and internal control processes, and this was reported through their Audit and Business Assurance Committee. Management consultants Campbell Tickell were also appointed to undertake a Strategic Housing Review and in 2023 reported that they consider arrangements between the Council and the company to be operating effectively.

- WV Living

WV Living was established as a trading company of the Council, and is a commercial housing developer, procuring contractors to build houses locally including on Council land, to market houses for sale and to help develop a well-managed market rent model and to ensure affordable rental are available.

There is a new joint shareholder agreement in place with WV Living's Business Plan having to be approved by the Council and compliance with that business plan being monitored by the Council. Governance arrangements are reviewed every year with a deep dive due in 2024.

WV Living's accounts are audited separately by external auditors and an **unqualified opinion** was provided on the accounts. A copy of which will be published on the Council's website.

- Yoo Recruit

Yoo Recruit was set up by the Council as a route through which the Council receives the vast majority of its temporary staffing. YOO Recruit has formed a critical part of the Council's strategy to implement the Wolverhampton Living Wage and securing local people in local jobs, and it has proven to be an effective way of controlling the cost and availability of temporary staff. Due to rapid and significant growth, in 2017 Yoo Recruit stopped delivering recruitment services direct and contracted with Adecco, one of the world's largest recruitment agencies, to manage the service. The current contract with Adecco is due to expire in August 2024 and in anticipation of the end of the arrangement, a review of Yoo Recruit's effectiveness was undertaken which showed there was very limited risk and that it was legally compliant.

Yoo Recruit's accounts are audited separately by external auditors and an unqualified opinion was provided on the accounts for 2022-2023, a copy of which will be published on the Council's website.

The Council continues to experience recruitment and retention difficulties that mirror national issues, which is impacting various services, and therefore consideration was given to alternative operating models as a way to engage the best expertise for the current circumstances. An options appraisal was presented to Cabinet on 22 May 2024. Cabinet agreed to extend the Yoo Recruit contract with Adecco to July 2025 to allow the Council time to secure a new strategic agency partner to further support the Council achieve value for money and help tackle local and national recruitment and recruitment challenges faced by the Council, with the intended approach being to wind up Yoo Recruit (as it is no longer trading under the Local Government Act 2003) and move to a strategic partner model instead.

The new approach will also be considered by the relevant Scrutiny Panel, Resources and Equalities Scrutiny Panel to ensure the challenges facing the Council in relation to recruitment and retention are understood by Councillors, as well as affording opportunity to examine how the proposed approach and option will tackle the Council's recruitment and retention challenges and further promote opportunities.

- Help 2 Own

Help 2 Own was established in 2021 as a partnership with West Midlands Combined Authority to pilot an affordable housing project that helps to address the issue that many potential buyers who are in work have in raising the deposit to secure a mortgage. The Council and the WMCA instructed and obtained detailed external advice in order to ensure that the arrangements are fit for purpose and will protect the interests and deliver the proposed outcomes. This is the subject of a number of legal agreements which sets up the contractual and governance arrangements between the relevant parties in particular the Partnership Agreement which secures the Council's rights and decisions.

The partnership is also subject to external audit which provides assurance that the partnership has adequate and effective governance, risk management and internal control processes. A review of the way governance works for all linked bodies including Help 2 Own was carried out in 2023 and was reported to the relevant Committees including Audit and Risk Committee. The operation and governance of Help 2 Own continues to be reported on regularly to Cabinet members and the Leader of the Opposition and meetings are held quarterly with the Council's senior finance and governance officers.

Key changes to the governance framework during the year

Throughout 2023/24, further work has been undertaken to update and improve understanding of the Council's governance arrangements, which has included developing skills, creating/amending guidance, procedures etc with the aim of providing greater clarity to Councillors and officers. The changes have also included the following:

<u>Constitution</u>

Amendments have been made to the following parts of the Council's Constitution in relation to the following areas:

- Scrutiny Board and Call-in, including ensuring that there was a more measured and planned work programme.
- The use of electronic sealing and signing.
- Health and Wellbeing Together Boad Terms of Reference.
- Full Council meeting procedure rule updates.
- Individual Executive Decision Notice. New guidance was also introduced.
- Call-in procedure refreshed.
- Members' disclosure and barring scheme (including a new policy).
- Councillor Allowance Scheme.
- Planning Committee decisions.

A number of additional changes are proposed for 2024-2025, most notably in relation to:

- Officer delegations

  Changes to Part 3 will be proposed that better explains the delegations process and powers to ensure that officers are confident and empowered to make lawful decisions. The updated officer delegation scheme will reflect changes to

Director responsibilities which align with new areas of challenges and priorities. These changes will be presented to the first Full Council meeting in June 2024.

- Budget Council Procedure Rules

  These rules were operated for Budget Council held in March 2024 and will be refined in readiness for next year's Budget Council so as to ensure the rules correctly reflect operational and best practice.

Councillor Induction and Councillor Development

The Councillor Induction Programme was updated and expanded to include additional support on key issues affecting the Councillor role, as well as providing clarification on the expected standards of behaviour of councillors.

A review is taking place of Councillor Development with a renewed focus on ensuring Councillors participate in relevant development and training that is essential for their role. This will focus on providing clear training and development objectives, risk managements to ensure the training is targeted where required particularly in relation to regulatory, corporate, wellbeing and safety priorities.

Progress on the Governance Issues from 2022-2023

The following below describes the governance issues identified during 2022-2023 and the progress made against these during 2023-2024.

2022-2023 - Key areas and actions for implementation	Mid-year update to Audit and Risk Committee as at @ November 2023	Latest update as at April 2024
Procurement Compliance/Contract Monitoring – Contract Procedure Rules breaches. Amber reports have been received from a number of Directors in relation to non-compliance within their areas, and there have been an increase in	The number of incidents of non-compliance are steadily reducing, primarily due to the Procurement team now taking ownership for obtaining quotes on behalf of service areas where the anticipated value of the contract is between £10k and £75k.	The new Procurement Act 2023 comes into force in October 2024. Whilst the Council undertakes procurement exercises effectively and efficiently, having regard to social value, climate change and best value

2022-2023 - Key areas and actions for implementation	Mid-year update to Audit and Risk Committee as at @ November 2023	Latest update as at April 2024
the overall number of incidents where the Contract Procedure Rules have not been followed. Most non-compliances have been minor, but a small number within a service area experiencing significant staffing issues have resulted in the need to re-tender. This is currently being tackled by, where necessary, putting measures in place to support officers' understanding of the rules, delivering training, and recruiting to vacant positions. It will further be helped by preparing updated guidance for officers following imminent updates to the relevant procurement laws (currently set out in the Procurement Bill) and expected guidance. At that point it is expected that changes to the Constitution will be needed to ensure it remains up to date.	The Audit and Procurement teams continue to support leadership teams in complying with procurement processes and learning lessons from flagged non-compliance. In relation to the roll-out of new procurement regime, the Procurement Act 2023 received Royal Assent on 26 October 2023 and updated training and guidance is expected to be released by Government once secondary legislation is enacted in October 2024. Procurement officers are beginning to develop a training programme for roll out to relevant teams during this transition period, and a new Project team will be reporting into Project Assurance Group at key milestones. Arrangements are expected to be in place before September 2024.	considerations, there have been some minor non-compliance procurements. This issue is currently being tackled, where necessary, by putting measures in place to support officers' understanding of the rules, delivering training, and recruiting to vacant positions. (See the Action Plan for 2024/25 below).
Civic Halls/other capital programmes - Ensuring that the lessons learned from Civic Halls are implemented on other programmes work is in progress to ensure that the lessons learned from the Civic Halls project are	The Council has implemented a self- assessment tool for all major capital projects or programmes which addresses the key areas arising from the Civic Halls lesson learnt review.	There is greater oversight of major projects being carried out by Scrutiny Panels. The Officer Project Advisory Group now rigorously assesses business cases for all new major projects to ensure they

2022-2023 - Key areas and actions for implementation	Mid-year update to Audit and Risk Committee as at @ November 2023	Latest update as at April 2024
implemented and crucially with regular reporting to councillors on these projects. The remit of Scrutiny Board is being amended so detailed updates are brought to Scrutiny to provide more regular oversight and transparency on key capital projects.	The tool poses a number of questions which are intended to expose arrangements for such matters as contingency plans, cost options appraisals, change management processes, project plans, arrangements for site surveys, and repairs and maintenance programmes. Other questions are designed to ensure there is input by key personnel such as procurement and project management, Senior Responsible Officers and Programme Directors, and to ensure there is a method for centralising documents, reporting and updating at key points. The self-assessment questions have recently been utilised successfully in relation to City Learning Quarter (CLQ) and are detailed in the project's Internal Audit Report 2023-2024. The self-assessment in that case was completed by the Programme Director and independently reviewed by Audit Services. It is important to note that this report provided satisfactory assurance in relation to that project. Further, Council agreed on 8 November 2023 to amend the remit of Scrutiny Board within the Constitution to require that they now "Co-ordinate the Scrutiny Work	meet robust financial tests and legal and governance measures. This greater level of rigour has provided improved corporate assurance. A review of the changes introduced, and their impact, will be undertaken as part of the Council's continuous improvement agenda during 2024/25 financial year.

2022-2023 - Key areas and actions for implementation	Mid-year update to Audit and Risk Committee as at @ November 2023	Latest update as at April 2024
	Programme Major infrastructure projects that crosscut Scrutiny Panels". This is intended to ensure that detailed updates are brought to Scrutiny to provide more regular oversight and transparency on key capital projects. A report on the CLQ project will be coming forwards to Scrutiny Board shortly and will be regularly reported to Scrutiny Board in line with the above change to the scope of Scrutiny Board.	
Climate Change – The recent internal audit report has recognised that there was a need for additional resource and reporting mechanisms in relation to the Council's climate change commitments, as a result additional resources, a detailed internal programme board and additional reporting through to the relevant scrutiny panel have been put in place to ensure that there is delivery and transparency on that delivery.	In relation to its critical work on Climate Action the following have either been implemented or are in progress: • Establishment of a Climate Action Programme Board with agreed Terms of Reference. • Appointment of a new Senior Responsible Officer, namely the Chief Operating Officer. • Climate Change Advisory Group information is now made public. • Staff appointed to address the lack of sufficient resources within the Green City and Circular Economy Service Area, including operating team. Three permanent employees are currently in	The Council continues to progress active measures to reduce CO2 emissions including; Street Lighting LED upgrade programme (approximately 90% complete currently), Deisel Fuel alternative (using HVO) in Pilot Scheme and extending roll-out to increased number of vehicles in 2024, and ongoing energy audits of 50 Buildings. Delivery of strategic developments (i.e. Green Innovation Corridor, St Georges, City Centre West, Social Housing Programme, One Public Team etc) include engagement/co-design approaches with the aim of promote and realise on-site renewable energy

2022-2023 - Key areas and actions for implementation	Mid-year update to Audit and Risk Committee as at @ November 2023	Latest update as at April 2024
	post with plans for additional staff to be taken on over coming months. • Work on the focused risk register is being progressed. • Benchmarking of key actions is underway. • The Climate Emergency Working group has been restructured into a 2028 Action Plan Working Group (include relevant Service Managers/deputies with on-going monitoring and risk management). • Head of Service and Service Manager have addressed Leadership Forum and Operational Managers Network, respectively. • Report presented on 19 October 2023 to Climate Change, Housing and Communities Panel which sets out the current Action Plan setting out options for achieving net zero at the Council by the end of 2028. • Production of a 2023-2024 annual report is underway and is expected to go to Cabinet for consideration in September 2024. • 2041 Net Zero Strategy for the City is in development. The detailed report setting out the progress on the 2028 commitment that went to Climate	opportunities, including climate resilience, adaptation, and biodiversity The Majority of the Internal Audit Report (1 Feb 2024) recommendations have been successfully implemented, with those remaining currently in progress.

<table>
<tr><th>2022-2023 - Key areas and actions for implementation</th><th>Mid-year update to Audit and Risk Committee as at @ November 2023</th><th>Latest update as at April 2024</th></tr>
<tr><td></td><td>Change, Housing and Communities Scrutiny Panel in October 2023 providing will become an annual report and a further detailed report on the proposed 2041 Net Zero Strategy will go before the Scrutiny Panel early in 2024.</td><td></td></tr>
<tr><td>Improving recruitment and retention -

Recruitment and Retention is not only a local but national issue that we will continue to monitor and respond to - it is important we have robust recruitment and retention initiatives to enable the council to have resources to deliver our services. We continue to monitor our employee turnover rate and respond in a proactive way to this challenge. Recruitment and retention is monitored on our Strategic Risk register and a number of actions have and will continue to be taken, such as:

• Creation of 'WV Job' site supporting us to be an Employer of Choice, showcasing the benefits, careers and culture of our council.

• Review of our employee benefits

• Independent review of our pay structure</td><td>The risks to the council of not having sufficiently robust recruitment and retention initiatives include increased staff turnover, over-use of agency workers, developing skills gaps, and poor mental health and sickness of workforce.

Current activities aimed to mitigate these risks comprise:

• Targeted advertisement of senior vacancies.
• Improved new starter on-boarding.
• Improved job adverts.
• Mandatory diverse recruitment panels and other measures to support the upskilling of ethnic minority groups.
• Supporting managers with succession planning.
• Revised recruitment and selection training for panels.
• Market supplements are being investigated.</td><td>Recruitment and Retention continues to be a risk both locally and nationally. The risk remains on the strategic risk register and an update was presented to Audit and Risk Committee in November 2023.

As well as continually reviewing and progressing the actions described last year People Services have undertaken various proactive steps to address the challenge – for example,

• Reviewed the content on 'WV Jobs' to ensure it details the most relevant information to showcase the Council as an Employer of Choice.
• Updated the Applicant Tracking System with a streamlined on-boarding process and wider recruitment reach
• Challenge artificial barriers on job descriptions and person specifications</td></tr>
</table>

2022-2023 - Key areas and actions for implementation	Mid-year update to Audit and Risk Committee as at @ November 2023	Latest update as at April 2024
• The creation of a dedicated Recruitment & Retention team in People Services	• Review of Job Descriptions and Person Specifications. • Focused support of 18-24s in to work. • Reimbursement of social work registration fees. • Continuing to deliver a strong wellbeing offer. • Creating opportunities for apprentices, and local and national graduates. • Coaching, shadowing, and secondment opportunities for staff. Key outcomes so far can be measured by: • An increase in hiring success for candidates from ethnic minority groups from 3.7% to 6.7%, in both higher grades and as apprentices. • Diversity across the workforce has increased by 3.4% since 2019-2020. • Revised recruitment and selection training to managers resulting in managers more confident undertaking recruitment activities. • A review of the diverse panels process which has proved beneficial to staff taking on the role of panel member. • Review of the Wellbeing offer to expand the services to cover wider mental health and stress support, as well as a new	• Certificate of Sponsorship for hard to fill areas (Social Work) • Emphasise Council ambition to 'grow our own' and support employee progression • Exit leavers process review to ensure information is captured from leavers to help retain employees • Brilliant Leaders Programme to support the development of employees into managerial roles • Review Recruitment and Selection training for managers • Agency provision review to identify where intervention could be taken to improve workforce planning Key outcomes are measured through data reporting resulting in - • An increase in hiring success for candidates from ethnic minority groups from 3.7% to 7.1%, in both higher grades and as apprentices. • Diversity across the workforce has increased by 4.1% since 2019-2020. • Continuing gradual increase in the proportion of the workforce who

2022-2023 - Key areas and actions for implementation	Mid-year update to Audit and Risk Committee as at @ November 2023	Latest update as at April 2024
	stress group and wellbeing group focusing on identification of issues and solutions. Future plans include: • Exploration of methods to increase awareness of the Council as a good employer within the candidate market. • Further development of career pathways within social care, with opportunities to expand this to other services. • Promotion of a strong development offer to help grow and retain employees, including offering formal development pathways. • Workforce planning discussions with Heads of Service to identify need and potential solutions as early as possible. • Continuing the successful Apprenticeship and graduate schemes and Aspire to Management (AIM) Programme. • Consideration of alternative selection processes. • More use of new starter and shortlisted candidate surveys to better understand what else the Council can do differently. • Gaining further insight from monitoring recruitment trends and evidence-based data.	are male (from 30.2% in 2019-2020 to 31.6% in 2022-2023) • Candidates with a disability achieved a 9.8% recruitment success rate in 2022-2023, which was higher than the average overall at 9.3% and the average for those who stated they have no disability at 9% • Employees in the 21-30 age bracket consistently had the highest promotions rate than all other age groups over the last three years, with a rate for the most recent year (2022-2023) of 13.1% compared to the average of 7.0% (Further actions planned are detailed in the Action Plan for 2024/25 below).

2022-2023 - Key areas and actions for implementation	Mid-year update to Audit and Risk Committee as at @ November 2023	Latest update as at April 2024
	A new operating model for People Services (formerly known as Human Resources) has been developed to help implementation of these activities, which includes a new Recruitment and Retention Lead who will take on a strategic role, and a consultancy team who will support managers and drive growth of opportunities. The team will work with Heads of Service to create a recruitment and retention strategy. Recruitment and retention is included in the Strategic Risk Register and a separate report will be presented to Audit and Risk Committee on 27 November 2023 addressing the national position as well as providing more detail on local solutions.	

Action Plan for the Significant Governance Issues identified during 2023-2024 which will need addressing in 2024-2025

Based on the Council's established risk management approach, the following issues have been assessed as being key for the purpose of the 2023-2024 annual governance statement. Over the coming year appropriate actions to address these matters and further enhance governance arrangements will be taken.

2023-2024 Key areas and actions for implementation during 2024-2025	Responsibility and expected implementation date
<u>MTFS – Managing Budgets and Pressures</u> The 2024-2025 Budget and MTFS has been developed against a background of unprecedented levels of financial distress, uncertainty and challenge in the sector where demand for services and inflationary pressures are driving up costs. The Council has a balanced budget for 2024-2025, without the need to use General Fund reserves. The Council is required however to use £6.0 million of earmarked reserves to balance the budget and to support corporate priorities in 2024-2025. There is however a significant financial challenge over the medium term. The projected deficit for 2025-2026 is £27.1 million, rising to £32.6 million in 2026-2027. The overall level of risk associated with the TermMedium-Term Financial Strategy to 2026- 2027 is therefore assessed as Red. The Council's strategic approach to the budget is to align resources to 'Our City: Our Plan' which has been refreshed and developed alongside the MTFS. Despite the challenges in the sector, the Council is determined to deliver the priorities that matter most to local people. Further action is required to reduce costs. A rigorous programme of work designed to identify and deliver further recurring savings has commenced and proposals will be developed to address the budget deficit and presented to Cabinet/Council during the course of 2024/25 as part of the Council's budget setting process and budget management arrangements.	James Howse 31 March 2025
<u>Procurement Compliance/Contract Management – Compliance with Contract Procedure Rules</u> The Contract Procedure Rules including Financial Regulations will be reviewed and updated to address changes being made to UK procurement by the Procurement Act 2023 which comes into force in October 2024. The Procurement Team will continue to carry out system monitoring to identify non-compliant procurements and ensure senior Directors and Managers are made aware of those incidents to ensure appropriate mitigating steps are taken to avoid recurrences.	James Howse By end of October 2024 for legislative changes to be implemented. By end of March 2025 for other operational

2023-2024 Key areas and actions for implementation during 2024-2025	Responsibility and expected implementation date
	changes to be implemented
<u>Internal Audit - PSIAS Recommendations</u> The Council's Internal Audit service has been externally assessed for conformance with the Public Sector Internal Audit Standards (PSIAS) (required every five years). The external assessment of the service was completed in April 2024, which confirmed that the Council was generally conforming with the PSIAS. An action plan has been developed to implement the recommendations from the external assessor's report. The actions within the action plan will all be completed within 2024/25 financial year and details of progress and delivery of the action plan reported periodically to the Council's Audit Committee.	Ian Cotterill By 31 March 2025
<u>Improving recruitment and retention</u> The Council remains committed to managing the risk associated with recruitment and retention. Recruitment and Retention continues to be a risk both locally and nationally. The risk remains on the strategic risk register. Key outcomes measures will be monitored to determine how successful the various actions taken have been. Further engagement with key stakeholders in the Council is planned to consider further ideas to support the Council being an employer of choice.	Laura Philips 31 March 2025
<u>Non-compliance with internal procedures and other requirements</u> There has been an overall increase in the number of reported incidents of non-compliance with, and lack of capacity to maintain and monitor, internal requirements. Examples include: - processing of people-related paperwork later than published internal arrangements.	Review schedule of governance documents – David Pattison (31 March 2025)

2023-2024 Key areas and actions for implementation during 2024-2025	Responsibility and expected implementation date
- data breaches that are not sufficiently serious to report to the Information Commissioner; - non-compliance with new legislation – either errors have been identified, or there is an identified lack of capacity to understand whether current arrangements are non-complaint; and - essential training and appraisals in some areas of practice are not up to date. Incidents are on the whole low level and progress is being made to correct all oversights and errors. No single incident represents a significant failure to meet the principles of good governance, but due to the increase in reports across a number of directorates the collective position should be monitored. In particular, provision will be made to explore known incidents in more detail in order to: - make necessary arrangements where targeted upskilling or renewed communication with officers is required; and - establish whether there are any themes in established ways of working. In addition, a schedule for annual review of key governance documents will be prepared to ensure their content continues to align with the current environment, and that action is taken in relation to other significant policies and protocols which have been in place for some time, to ensure they remain up to date, accessible, and can be relied on by officers. Changes are planned in relation to Contract Procedure Rules as noted previously in this table, and it is expected that the roll-out of training and guidance on the new legislative, constitutional and policy requirements will bring renewed focus to this area.	Review schedule of other directorate-specific documents – relevant Director for that area (31 March 2025) To ensure working practices meet required standards – All Directors (31 March 2025)

Section 9 - Glossary

Academy: A school which chooses to opt out of a local authority's control and maintain its own funding.

Accruals (Accrual Accounting): Refers to the fundamental accounting principle that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Actuarial/Actuary: The science and profession of using mathematical techniques to model and quantify the financial effects of uncertain future events. For the Council, this is relevant in the context of accounting for the Pension Fund, where future transactions of the fund will occur so far into the future that they cannot yet be known with certainty.

Arm's Length Management Organisation: An organisation which is, according to legislation, controlled by (i.e., a subsidiary of) a parent organisation, but whose management structures mean that control is loose and rarely manifests it directly on day-to-day operations of the subsidiary.

Amortisation: The way in which an asset or liability is accounted for over more than one period (other than Property, plant, and equipment, for which depreciation applies).

Asset: An item that is owned by and can be used by the Council.

Asset Ceiling: Where a pension reserve is valued at a surplus, an asset ceiling adjustment is applied (IAS 19). The asset ceiling is the present value of future benefits to the Council, contained within the pension reserve surplus.

Bad Debt Provision: Bad debts are amounts owed to the Council which it does not believe will be repaid. The Council makes a provision for the amount of bad debt it expects to incur.

Budget: A budget is a plan of approved spending during a financial year.

Business Rates or National Non-Domestic Rates (NNDR): Businesses across the country have to pay business rates. The Government decides how much they should pay, and local authorities collect the money. In Wolverhampton, the amount collected is shared on the following basis:

- City of Wolverhampton Council 99%

- West Midlands Fire and Rescue Authority 1%

Capital adjustment account: An account whose purpose is to serve as a balancing mechanism between the different rates at which assets are depreciated in line with the Code of Practice and are financed under the capital controls regime. It is shown in the Balance Sheet as a reserve, although it does not represent funds available for future expenditure.

Capital Expenditure: Expenditure on the acquisition of Property, plant and equipment, or expenditure which adds to, and not merely maintains, the value of an existing asset.

Capital Financing Requirement (CFR): An amount calculated as Non-Current Assets less the balances on the Capital adjustment account.

Capital Programme: The plan of approved spending on fixed assets (which includes assets that do not belong to the Council, under certain circumstances).

Capital Receipt: Money received from the disposal of land and other assets, and from the repayment of grants and loans made by the Council.

Chartered Institute of Public Finance and Accountancy (CIPFA): CIPFA is a UK accountancy body, specialising in the finances of the public sector. CIPFA is responsible for determining the accounting rules and procedures that apply to local authorities.

Code of Practice on Local Authority Accounting: The set of accounting principles and practices developed by the CIPFA/LASAAC Code Board under the oversight of the Financial Reporting Advisory Board. The Code is based on approved accounting standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, except where these are inconsistent with specific statutory requirements. The Code also draws on approved accounting standards issued by the International Public Sector Accounting Standards Board and the UK Accounting Standards Board where these provide additional guidance.

Collection Fund: A fund administered by the Council recording receipts from council tax and payments to the General Fund and other public authorities. It also records receipts of business rates collected and payments to the General Fund and other public bodies.

Community assets: Assets that the Council 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 historic buildings.

Consistency: The concept that the accounting treatment of like items within an accounting period and from one period to the next is 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 Council's control.

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 Council'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 which local authorities engage in specifically because they are elected, multi-purpose authorities. The costs of these activities are 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.

Council Tax: A tax paid by residents of the authority to the Council, based on the value of their property, to be spent on local services.

Current Asset: An asset held for a short period of time, for example cash in the bank, stocks, and receivables.

Dedicated Schools Grant (DSG): Schools are funded separately from other Council services. The Council receives a Dedicated Schools Grant direct from the government, which is paid over to schools.

Deficit: This occurs when spending exceeds income (opposite of surplus).

Defined Benefit Scheme: A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined Contribution Scheme: A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

De Minimis: The minimum value below which expenditure and income in respect of assets is not capitalised but is charged or credited to revenue in full in the period it was incurred or earned.

Depreciation: The measure of the wearing out, consumption or other reduction in the useful economic life of Property, plant, and equipment.

Disclosure: Additional information required by the Code of Practice if a set of conditions are met. If the Council judges that the conditions have not been met in its case, they will make no disclosure.

Discount*:* A reduction given by a lender in the amount to be repaid on early redemption of a loan. This is generally where the terms of the loan (relative to current market conditions) are favourable to the borrower.

Dividend: A payment made by a company out of profits to its shareholders.

Earmarked Reserve: A sum set aside for a specific purpose.

Events after the Reporting Period: Those events, both favourable and unfavourable, that occur between the balance sheet date and the date on which the statement of accounts is signed by the responsible officer.

Exceptional Items: Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Existing Use Value (Social Housing): The value of a dwelling, given that, were it to be sold, the new purchaser must rent out the property, and set rents at social housing (i.e., below open market) levels.

Fair Value: The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

Fees and Charges: Income arising from the provision of services, for example the use of leisure facilities.

Finance Lease: A lease that transfers substantially all of the risks and rewards of ownership of Property, plant, and equipment to the lessee. The payments usually cover the full cost of the asset together with a return for the cost of finance.

Financial Instrument: Any contract that gives to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Year: This runs from 1 April to 31 March.

General Fund: The fund to which the cost of all services of the Council (except for Housing Revenue Account services) is charged. The net cost of the General Fund is met by council tax, business rates and governments grants.

Going Concern: The concept that the local authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to significantly curtail the scale of operations.

Government Grants: Assistance by government and inter-governmental agencies and similar bodies, whether local, national, or international, in the form of cash or transfers of assets to an authority, in return for past or future compliance with certain conditions relating to the activities of the Council.

Heritage assets: Assets that the Council intends to hold for the purpose of informing or educating the public about their heritage, and which are not held for their investment value. Examples include collections of antiques in museums.

Housing Revenue Account (HRA): A ring-fenced account detailing the expenditure and income arising from the provision of council housing, as required by the Local Government and Housing Act 1989.

Impairment: A diminution in value of a property, plant and equipment resulting from amongst other things, obsolescence, or physical damage. To comply with accounting standards the Council undertakes annual reviews of its assets to identify any assets which have been impaired.

Income and Expenditure Account/Statement: This describes the expenditure made in a single year by an entity, in accordance with the accounting standards that apply at that time to that body in order to generate a view of its year end position in relation to its profit or usable reserves. The following terms are synonymous: "The Income and Expenditure Account", "Comprehensive Income and Expenditure Statement", "Income and Expenditure Statement".

Infrastructure assets: These are inalienable assets, expenditure on which is recoverable only by continued use of the asset created. Examples of such assets are highways and footpaths.

Intangible assets: An item which does not have physical substance (for example, software licenses) but can be identified and used by the Council over a number of years.

International Accounting Standards (IAS): These standards were issued by the International Accounting Standards Committee (IASC) - founded in 1973 as a private enterprise initiated by national accounting companies. This committee issued International Accounting Standards for private companies to follow. These standards have now largely been replaced by International Financial Reporting Standards.

International Financial Reporting Standards (IFRS): These standards are issued by the International Accounting Standards Board (IASB), established on 1 April 2001 with EU support to be the successor to the IASC. The IASB adopted the International Accounting Standards and then began issuing its own International Financial Reporting Standards. These became mandatory for all private companies quoted on the Stock Exchange in 2004.

Inventories: Goods owned by the Council which have not been used by the end of the financial year.

Investments: A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Council. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

Investment properties: Interest in land and/or buildings:

- In respect of which construction work and development have been completed.
- Is held for its investment potential, any rental income being negotiated at arm's length.

Levy: A payment made by the Council to another local service, for example, local transport and the Environment Agency.

Liabilities: Amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the balance sheet date.

Major Repairs Reserve: A reserve to pay for large scale repairs to council houses.

Materiality: An item is material if its omission, non-disclosure, or misstatement in financial statements could be expected to lead to a distortion of the view given by the financial statements.

Provision for the Redemption of Debt (MRP): A minimum amount determined according to a formula approved by the Council, which must be charged to the revenue account, for debt redemption or for the discharge of other credit liabilities.

National Non-Domestic Rates (NNDR): Rates which are levied on business properties and collected by the Council and accounted for on an agency basis. These funds are then distributed between the General Fund and other public bodies.

Net Book Value: The amount at which property plant and equipment are included in the balance sheet, i.e., their historical cost or current value less the cumulative amounts provided for depreciation.

Net Current Replacement Cost: The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e., the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Realisable Value: The open market value of the asset in its existing use (or market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Net Worth: A monetary value, defined as the value of the Council's assets less the value of its liabilities. This is the "bottom line" of the Balance Sheet.

Non-Current Asset: An item, for example land, buildings, and vehicles, which yield benefits to the Council and the services it provides over a period of more than one year.

Obsolescence: The term used to describe an asset which no longer has any value to an organisation due to changes in the organisation's operating environment or the emergence of overwhelmingly superior alternatives to that asset.

Operational and Non-Operational Assets: Operational Assets are those that are used directly in providing Council services. Non-operational assets are assets held for any other purpose, for example for investment or where they are no longer used and have been earmarked for disposal.

Operating Leases: Leases other than a finance lease.

Payables: An amount owed by the Council for work done, goods received, or services rendered, but for which payment has not been made at the end of the year.

Precept: The amount levied by the various joint authorities (e.g., police and fire authorities) which is collected by the Council on their behalf. A body which can set a precept is called a preceptor.

Premium: An amount charged by a lender (over and above the outstanding principal) on early redemption of a loan. This is generally where the terms of the loan (relative to current market conditions) are favourable to the lender.

Prior Year Adjustments: Those material adjustments applicable to prior years, arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Private Finance Initiative (PFI): A government initiative which enables authorities to carry out capital projects through partnership with the private sector.

Property, plant, and equipment (PPE): Tangible assets that yield benefits to the Council and the services it provides for a period of more than one year. Examples include land, buildings, and vehicles.

Provisions: Amounts set aside in respect of a liability of uncertain timing or amount, where a reliable estimate of the potential value can be made.

Prudence: This accounting concept requires that revenue is not anticipated until realisation can be assessed with reasonable certainty. Provision is made for all known liabilities whether the amount is certain or can only be estimated in light of the information available.

Receipts in Advance: Money received before the end of the financial year, but which relates to the following financial year.

Receivables: Sums of money owed to the Council but not received at the end of the year.

Related Party*:* There is a detailed definition of related parties in FRS 8. For the Council's purposes, related parties are deemed to include:

- The elected members of the Council and their partners.
- The senior officers of the Council.
- The companies in which the Council has an interest.
- Central Government and preceptors of Wolverhampton's Collection Fund.
- Other entities which the Council has the ability to control or influence.

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. Retirement benefits do not include termination benefits payable as a result of either:

- An employer's decision to terminate an employee's employment before the normal retirement date; or
- An employee's decision to accept voluntary redundancy in exchange for those benefits because these are not given in exchange for services rendered by employees.

Revenue Expenditure: Expenditure on the day-to-day running costs of services e.g., employees, premises, supplies and services.

Revenue Expenditure Funded from Capital Under Statute: Spending on assets that have a lasting value but are not owned by the Council, for example, improvement grants.

Ring-Fenced: Certain accounts, such as the Collection Fund, must be maintained separately outside the General Fund as a statutory requirement.

Service Reporting Code of Practice (SERCOP): This guidance is issued by CIPFA and determines the costs which should be shown in the service lines in the Consolidated Income and Expenditure Statement, by determining which types of cost and income should be shown against which service. This promotes comparison between authorities by readers of the accounts.

Trust Fund: A fund administered by the Council on behalf of others for such purposes as charities and specific projects.

Usable Reserves: Reserves that can be applied to fund expenditure or reduce local taxation.

Unusable Reserves: Amounts that have come about purely from accounting adjustments and are not therefore available to spend.

Useful life: The period over which the Council will derive benefits from the use of an asset.

Vacant Possession Value: The market value of a property were it to be sold with no unusual restrictions on the occupation of the property, or the level of any rents or charges made for its use.

Work in Progress: Expenditure in respect of assets that are not yet ready to be put into use or sold (as appropriate).