



DUDLEY METROPOLITAN BOROUGH COUNCIL
STATEMENT OF ACCOUNTS FOR THE
YEAR ENDED 31 MARCH 2023

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NARRATIVE REPORT BY THE DIRECTOR OF FINANCE AND LEGAL

Purpose

The purpose of this report is to provide an easily understandable guide to the most significant matters reported in the accounts. The accounts are based on the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code).

Introduction

Dudley borough is proud to be the historic capital of the Black Country and home of the Black Country Flag. With a rich industrial past, built on the hard graft and work ethic of local people, the borough remains home to a host of innovative and prosperous businesses. Through its local schools and colleges, including ongoing exciting developments at Dudley College, the borough is working to ensure it is home to the skilled workforce of tomorrow.

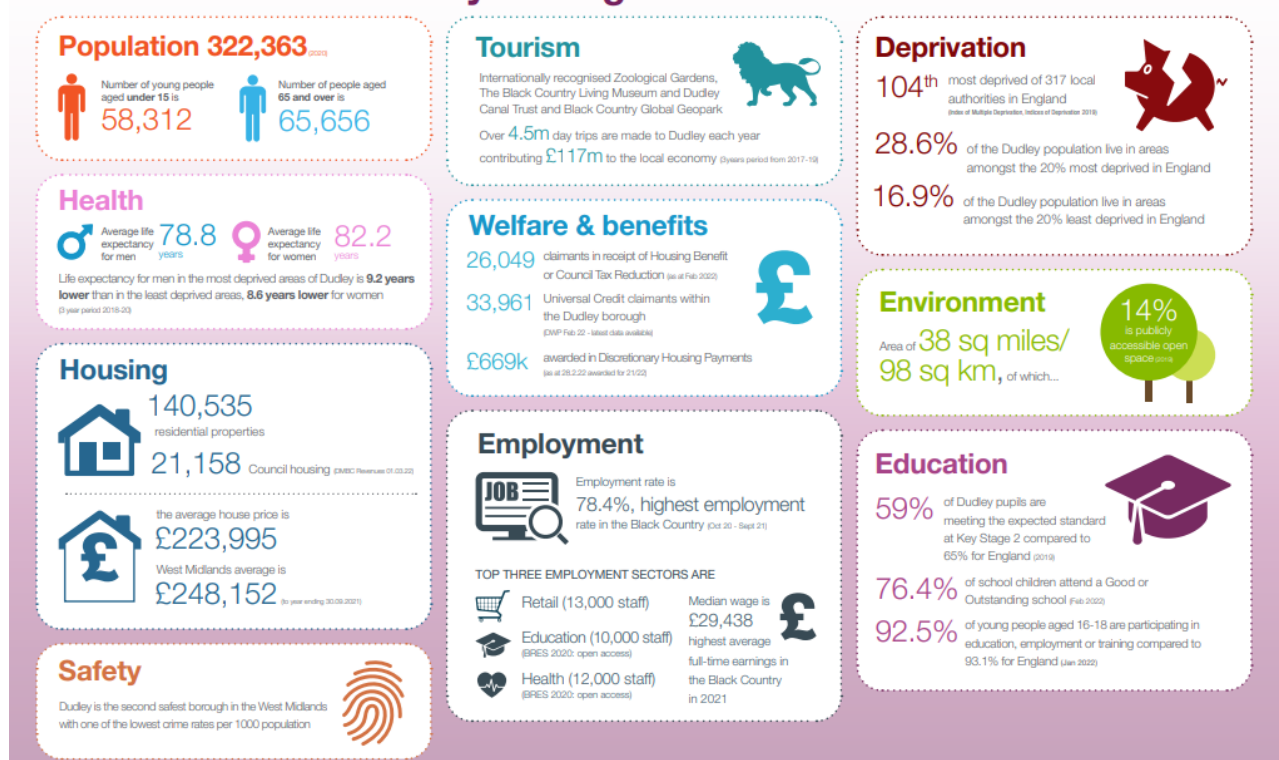
Residents live in close-knit communities across a borough made up of vibrant and diverse towns and neighbourhoods and the borough has a growing visitor economy which contributes to our ambitious future whilst celebrating our pioneering past.

Located centrally, challenges with our transport network are recognised as we work to improve connectivity, which will be boosted by the arrival of the Midland Metro.

Perhaps surprisingly, given our industrial past, Dudley borough is also home to places of inspiring natural beauty. Approximately 30% of the borough is green space through its range of award winning parks and nature reserves.

The Council has responded to the financial challenges of recent years having made difficult decisions to cut back on service delivery and frequency. The Council has faced renewed financial challenge first as a result of Covid-19 and now rising inflation and difficult economic circumstances.

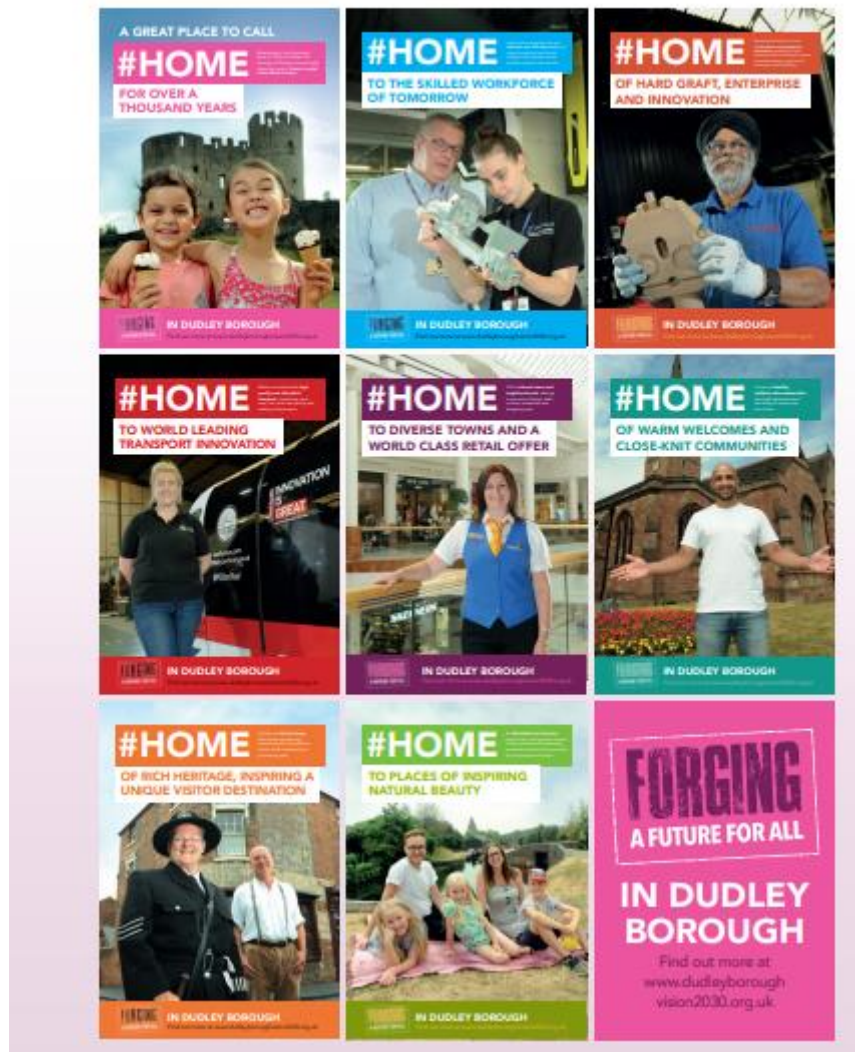
Dudley Borough in numbers 2022



Dudley Borough Vision

The Dudley Borough Vision is a partner and community led vision that outlines ambitious plans to create a thriving borough by 2030 where people want to live, work and visit.

Borough Vision 2030



The Vision has seven aspirations for the future of the borough:

- Tourism – home of rich heritage, inspiring a unique visitor destination. A place to visit and enjoy that drives opportunity, contributing to its ambitious future while celebrating its pioneering past;
- Towns – home to diverse towns and a world class retail offer. Full of vibrant towns and neighbourhoods offering a new mix of leisure, faith, cultural, residential and shopping uses.
- Transport – home to world-leading transport innovation. Better connected with high quality and affordable transport, combining road, tram, rail, and new cycling and walking infrastructure;
- Business – home to hard graft, enterprise and innovation. Renowned as home to a host of innovative and prosperous businesses, operating in high quality locations with space to grow, sustainable energy supplies and investing in their workforce;
- Education – home to the skilled workforce of tomorrow. A place where everybody has the education and skills they need, and where outstanding local schools, colleges and universities secure excellent results for their learners;

- Community – home of warm welcomes and close-knit communities. A place of healthy, resilient, safe communities with high aspirations and the ability to shape their own future;
- Environment – home to places of inspiring natural beauty. An affordable and attractive place to live with a green network of high quality parks, waterways and nature reserves that are valued by local people and visitors;

Dudley Council is playing a key part in the development and delivery of these ambitions as well as local NHS organisations, the police, the fire and rescue service, colleges, tourist attractions, businesses, faith leaders and many more.

A Forging a Future Executive has been formed to drive forward these ambitions with each aspiration having a partner lead, action plan and set of key workstreams.

Priorities for the Council

We have refreshed our Council Plan for 2022-2025, setting out our ambitions to be the place of choice for living, working, learning, visiting and delivering a service for our residents that we are proud of. The Council is faced with an immense and complex range of challenges, some externally driven by central government and others locally driven by key initiatives and corporate plans and priorities.

Our Council Plan sets out our vision and priorities under four core priorities. The plan is refreshed every three years, mapping out our journey and commitment that the council will constantly strive to improve the way we deliver services to meet the needs of local people and to ensure that we can measure and demonstrate our achievements.

Our Plan recognises the impact that Covid has had on services and the needs of local people. It sets clear priorities and measurable outcomes that will focus on our huge ambitions for the future:



- A **borough of opportunity** providing the best possible start in life with continued access to integrated health and social care as well as quality education and training allowing people to lead full and independent lives
- A **safe and healthy borough** where we work hard to tackle inequalities, keep our communities safe in healthy, sustainable environments and improve individual health and wellbeing
- A **borough of ambition and enterprise** where regeneration and growth support innovation, modernisation, and access to a full range of opportunities for businesses and residents
- Dudley Borough the **destination of choice** with a wide range of attractions and accommodation where both residents and visitors can celebrate our diverse culture, history, and communities.

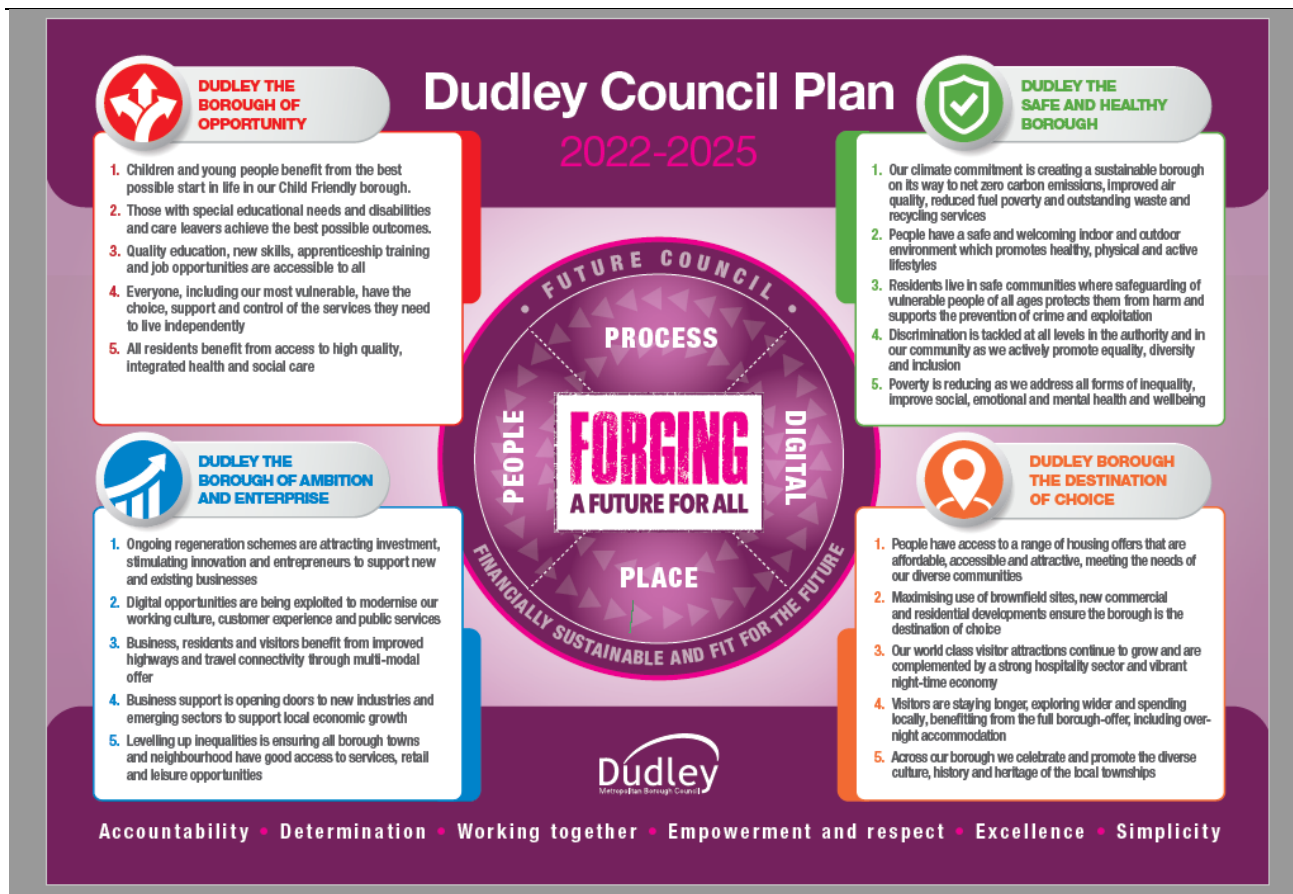
Key highlights, both internal and external, are summarised in the Organisational Story below:



The Future Council programme ensures that the council is “fit for the future”, with a comprehensive programme including:

- Future Workforce: we will be an employer of choice, our values and behaviours will define how we work together, development opportunities to acquire new skills and our smaller, diverse and agile workforce will reflect the population of Dudley.
- Future Digital: we will do things smarter by utilising technology, data insight and analytics will be fully utilised and we will transform wellbeing and care through digital technologies, delivering improved outcomes for service users.
- Future Facilities: all of our buildings and facilities will be fit for purpose, low carbon and embracing the latest technology. We will make all of our buildings available to provide shared spaces for communities to come together and with improved public transport and cycling facilities there will be reduced reliance on private cars.
- Future Financial Sustainability: challenging ourselves to deliver value for money, operating on a commercial basis and maximising value from procurement.
- Future Governance & Processes: strengthening our governance, processes and procedures to take informed and transparent decisions, managing risk, setting clearly defined functions and roles and ensuring robust accountability whilst upholding high standards of conduct and behaviour.

Each directorate has a Directorate Plan that aligns to the priority outcomes that the Council is striving to achieve, as outlined within the Council Plan and our other strategies. Directorate plans include an assessment of how the service has contributed towards these priorities along with a range of key performance indicators to enable us to keep track of progress.



Borough partnership work in Dudley

Dudley has taken great strides in recent years to develop and enhance its partnership working and reinforce its role as enabler and facilitator in the process.

Our partnership approach with business, tourism, education and voluntary sectors has led to a real 'One Place' ethos that has received praise by national government and led to very significant funding opportunities being supported.

National and regional partners

Borough Vision partnerships include:

- West Midlands Combined Authority
- Black Country Consortium Ltd
- West Midlands Faiths Forum
- Healthier Futures, Black Country and West Birmingham Integrated Care System
- Dudley Health and Wellbeing Board
- Safe & Sound, Dudley's Community Safety Partnership Board
- Dudley Employment and Skills Board
- Dudley Economic Growth Board
- The Cornbow, Halesowen
- Black Country Chamber of Commerce
- Dudley College
- The Dudley Group NHS Foundation Trust
- Dudley Integrated Health and Care NHS Trust
- Black Country Transport
- Dudley CVS
- West Midlands Police
- CHADD
- The Church of England in Dudley

The Council works closely with the West Midlands Combined Authority, Black Country Chamber of Commerce, Black Country LEP, West Midlands Growth Company, Homes England, Midlands Engine and private developers to stimulate regeneration and investment in Dudley.

The council has been working extensively with our regional partners to secure funding for a variety of major projects; some of which the council are delivering directly or with external partners and stakeholders. Grant funding has also been received from the Department for Levelling Up, Housing and Communities, Historic England, the Arts Council for England and the Heritage Lottery fund. Partnership working also takes place with Dudley Zoo and Castle, the Black Country Living Museum and GLL, the largest UK based social enterprise, which runs our libraries and archive service.

Some examples of partnership working in 2022/23 include securing funding for three Changing Places toilets at Black Country Living Museum, Dudley Zoo and the Cornbow Shopping Centre, with a further allocation for Stourbridge Town Hall. The Art Track Project received £94,000 Arts Council funding to develop projects and ideas for art in the public realm and has resulted in a successful exhibition to gather public feedback on the ideas. The Heritage Action Zone (HAZ) Cultural Consortium has also received £94,000 to develop heritage-related arts and cultural community activities, including poetry, art and photographic displays, upcycling, oral histories, radio broadcasts and a song-writing project.

The West Midlands Combined Authority has helped to secure government funding that is helping to drive our economic performance.

The key benefits from the WMCA for Dudley so far include:

- Over £200m investment into the land remediation fund for the Black Country to bring contaminated brownfield land sites back into use
- Transforming Cities provided funding for the Brierley Hill Metro Extension
- New Dudley Interchange Bus Station and highways infrastructure funding
- Dudley Business and Innovation Enterprise Zone DY5
- Funding for the demolition of Cavendish House
- Investment for the development of Resonance Music Institute in Brierley Hill
- Development of an Institute of Technology at Dudley College
- Very Light Rail Test Track and Innovation Centre
- Net Zero Neighbourhood pilot for a low carbon community

Meanwhile Dudley's relationship with its nearest neighbours in the Black Country is reinforced through the Association of Black Country Authorities (Dudley, Sandwell, Walsall and Wolverhampton) which provides a forum for discussion and joint working opportunities for shared objectives, particularly over the economy.

Dudley has been working with the other three local authorities in the Black Country to develop the Black Country Plan, which was to replace the current Black Country Core Strategy (2011-2026) and will identify the land required for housing and employment uses across the four authorities to 2039 in order to secure economic growth in line with the objectives of the Black Country and WMCA SEPs (Strategic Economic Plans) and also ensure we meet the housing needs of our combined communities. In October 2022, the Leaders of the four Black Country councils issued a joint statement that, with regret, they are unable to reach agreement on an approach to planning for future development needs within the framework of the Black Country Plan. Local Plans for the four Black Country Councils will now provide the framework for the long-term planning of the Black Country. The Black Country Plan 2039 work programme will end and the Councils will now transition to a process focused on Local Plans. The issues of housing and employment land need will now be addressed through individual Local Plans for each of the authorities. The Councils will co-operate with each other and with other key bodies as they prepare their Local Plans.

Dudley has started to work on its Local Plan to 2041. A Local Development Scheme was agreed by Cabinet on 26 January 2023 which sets out the timetable for the Dudley Local Plan 2041 and a call to sites exercise was carried out in February and March 2023 in line with Government guidance.

External Consultation & Engagement

Engaging with our communities is vital and we use a variety of face to face and digital channels to keep people informed and get residents involved with their local council.

Dudley Council supports Community Forums across the borough as a key mechanism for engagement with local communities providing an opportunity for local councillors, police, residents, local organisations and businesses to come together on a regular basis. During 2022, a development review led to a cabinet decision to rebrand and rename the forums. There are now five forums, each covering a number of wards. The 'Your Home, Your Forum' meetings as they are now known, take place in community venues three times a year. The forums are informal and give people the opportunity to have their say, discuss what is good about their local area and what can be made better, and to work together to make changes that improve their area. Each forum also has £10,000 per ward every year to allocate to community projects that support local people and organisations to work together to improve the local community or area and encourage local people to be active citizens. Grant panel meetings take place in advance of each forum meeting and, on receipt of applications, ward members for the forum make recommendations on the funding to be allocated to local community groups.

Targeted engagement with tenants and residents is done through the Housing Service in the form of Tenants' and Residents' Associations, local estate forums, estate walkabouts, surveys, High Rise Living Forum and networking events.

Dudley Federation of Tenants and Residents Associations is the umbrella group for TRAs across the borough and offers an important link to our communities. Meanwhile Dudley's Housing Board provides a community based scrutiny function of the housing service, to help to ensure that services meet residents' needs and are of the highest standard. The board consists of up to 11 community volunteers, the cabinet member for housing and communities, and cross-party councillor representation. A review of tenant and resident engagement has been taking place during 2022/23 with a new housing assurance board proposed for 2023/24, which will help the council to meet forthcoming new statutory regulations and will provide independent oversight.

The Parks Development Team actively work with 32 Friends groups, working together to develop and improve our parks and open spaces including developing management plans, external accreditations (such as Green Flag) and external grant applications. Some of our groups also undertake small scale maintenance tasks on the parks and organise community events and activities.

The Countryside Services Team work with 14 Friends groups to deliver practical volunteering on our sites as well as events and funding applications.

Dudley Youth Council/Children in Care Council

Dudley Youth Council and Children in Care Council are supported and resourced by the local authority in order to ensure that young people, in particular those looked after, are working towards;

- Stimulating and improving joint working between young people and decision-makers
- Developing and leading projects that benefit and improve facilities and services within the local area for young people
- Promoting positive images of young people
- Encouraging and supporting young people to become involved in community action
- Acting as a voice for young people's views
- Contributing to oversight and scrutiny

Both groups and their associated projects, including UKYP and Youth Crime Commissioners, work with local authority decision makers in order to contribute to the leadership, governance and future planning within the borough when addressing services for children and young people as well as their wider community.

Organisational leadership and governance

Political arrangements

The Council is divided into 24 three-member wards with election currently by thirds in three out of every four years. The Council operates under a Leader and Cabinet model. The Cabinet, Cabinet Members and Directors are responsible for most day-to-day decisions within the Council. The Cabinet is made up of the Leader appointed by the Council and up to 9 other Councillors (Cabinet Members) appointed by the Leader.

The Council has adopted a written Constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people.

Cabinet portfolios and the delegated responsibilities of Directors are set out in the Constitution. This assists the development of strategy and policy and decision making.

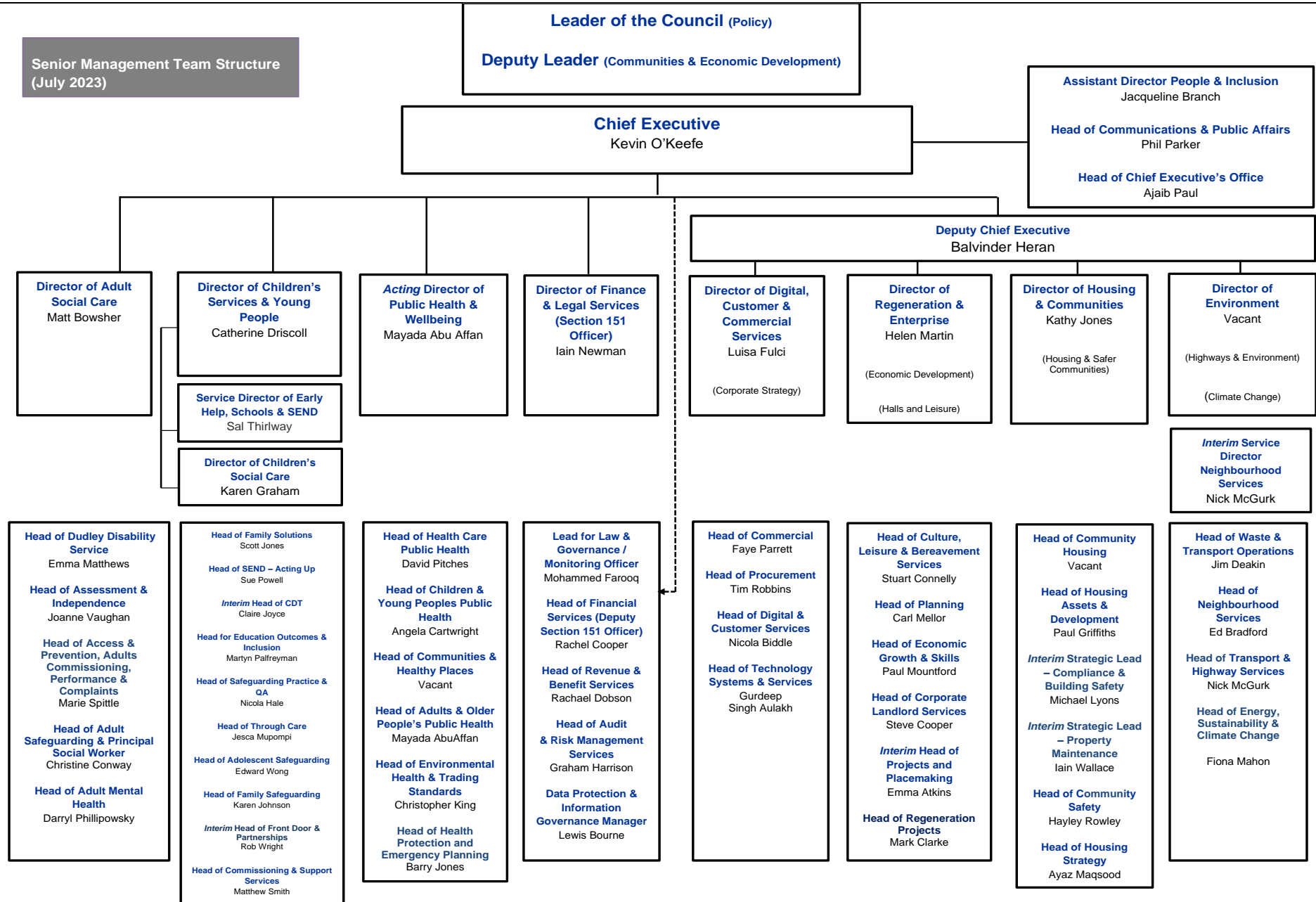
The Council has experienced a number of changes in political control in the past decade. There have been periods of Conservative and Labour administration and from 2016 to 2021 the authority was in no overall control. The election of May 2021 resulted in a Conservative majority.

The political balance of the Council as at 31st March 2023 was Conservative 44 seats and Labour 25 seats. There were 2 independent Councillors and 1 vacant seat. At the Annual Council meeting in May 2022 a Conservative Mayor was elected. When necessary, the Mayor has the casting vote at full Council meetings. The Leader of the Conservative Group was elected as Leader of the Council at the start of the 2019/20 municipal year and remained as Leader for 2020/21, 2021/22 and 2022/23.

Senior management arrangements

The Chief Executive is Kevin O'Keefe who has been in post since June 2019. The senior management structure is shown in the following diagram (overleaf).

Senior Management Team Structure
(July 2023)



Aligning Capacity with Priorities

Our business planning processes are designed to ensure a clear link from the priorities set in the Council Plan, through Directorate Plans and service plans to the objectives agreed with staff at Annual Review discussions.

The principles underlying the Medium Term Financial Strategy (see below) require that:

- As part of the annual budget review, each identified pressure will be considered in the light of its impact on Council priorities; proposals will be prioritised in terms of their necessity and contribution to the Council's priorities.
- Each year all revenue budgets will be reviewed to assess their contribution to the Council's strategic aims. As a result of the above, proposals will be brought forward for savings in light of the Council's overall financial position.

Resources - Finance

Background

- Our Settlement Funding Assessment per head is above the national average, but our Council Tax is well below average and so our actual spending per head is below average.
- We have a low level of un-ringfenced reserves - 19% of net revenue expenditure (31st March 2022) against the national average of 55% (31st March 2022).
- We have an effective treasury management strategy with a Net Average Borrowing Rate of 3.60% compared to a benchmarking group average of 3.76% (31st March 2022).

Medium Term Financial Strategy (MTFS)

For accounting and financial management purposes, the Council's expenditure and income is split by law between the Housing Revenue Account (HRA) which covers Public Sector Housing (Council Houses), the Public Health Grant which remains ring-fenced and covers health-related activities, the Dedicated Schools Grant (DSG) which covers school and school-related funding, and the General Fund which covers other activities.

The Council has separate Medium Term Financial Strategies (MTFSs), but with the same underlying principles, covering its HRA and General Fund. The principles underlying the MTFS apply to all aspects of Council activity, including the Housing Revenue Account (HRA).

General Fund MTFS

The current General Fund MTFS covers the period up to 2025/26. It was approved by Council in March 2023, following consultation on and scrutiny of initial proposals agreed by Cabinet in December 2022. It can be summarised as follows.

	2023/24	2024/25	2025/26
	£m	£m	£m
Total Service Spend	311.5	315.9	317.0
Total Resources	307.3	316.5	324.9
Surplus / Deficit (-) in year	-4.2	0.6	7.9
Balances brought forward	20.8	16.6	17.2
Balances carried forward	16.6	17.2	25.1

The General Fund MTFS assumes that Council Tax increases by 4.99% in 2023/24 and 2.99% in subsequent years.

The budget for 2023/24 include a contribution of £4.2m from unearmarked balances. Based on income and spending forecasts, contributions to unearmarked balances would be possible in future years of the MTFS. The report of officers (July 2023) highlighted the Council's low level of Council Tax, spending and reserves

and the associated risks. However, Cabinet and Council approved changes to the MTFS, this included reversal of existing savings proposals and additional investment.

The Finance Settlement was a one-year settlement for 2022/23 only. The Government has indicated that it will review the system of local government finance allocations to individual councils from 2023/24 onwards, taking as a starting point the previous work on Business Rate Retention and the Fair Funding Review. The MTFS assumes that overall Government funding and Dudley's share of that funding are the same in 2023/24 onwards as in 2022/23. However, this is a risk and the actual outcome may be better or worse than this assumption.

Housing Revenue Account MTFS

The Housing Revenue Account MTFS covers a five year period and is complemented by a thirty year Business Plan and the Housing Asset Management Strategy 2019 - 2029. The key elements of the Strategy are to:

- maintain the Decent Homes Standard;
- provide high quality affordable housing to provide safe homes that people want to live in and meet our diverse housing needs;
- manage our stock strategically to ensure future viability of affordable housing;
- improve the energy efficiency of the housing stock and address fuel poverty;
- invest in housing stock and minimise the number of void properties;
- review the suitability of the housing stock and explore the feasibility of new build to increase stock and / or replace properties that are in poor condition or that do not meet modern requirements;
- improve the offer for supported living to meet the needs of an aging and vulnerable population;
- address the housing and community needs of our residents and estates, particularly around health and wellbeing, addressing fuel poverty and promoting independent living;
- deliver community and estate regeneration, improving quality, sustainability and safety;
- ensure value for money through our housing services – maximising resources, income and opportunities for commercialism supported by efficient procurement;
- provide opportunities through construction to create jobs, employment, apprenticeships and training opportunities, making a positive impact on the economic prospects for the borough for businesses and individuals;
- set rents having regard to government rent policy for social housing and our investment needs;
- support the aims of the Council Plan - promoting strong, caring communities through the provision of decent housing in a safe and clean environment.

The Regulator of Social Housing has concluded that the Council has breached the Home Standard and as a consequence there was the potential for serious detriment to tenants. This followed a self-referral from the Council to the regulator after the identification of a failure to be able to evidence statutory health and safety requirements in some of its homes. The Council had found that gas, fire, electrical and asbestos safety checks may not have been completed for every property that needed one. Also, a high number of fire remedial actions in the communal areas of its blocks were overdue.

Dedicated Schools Grant (DSG)

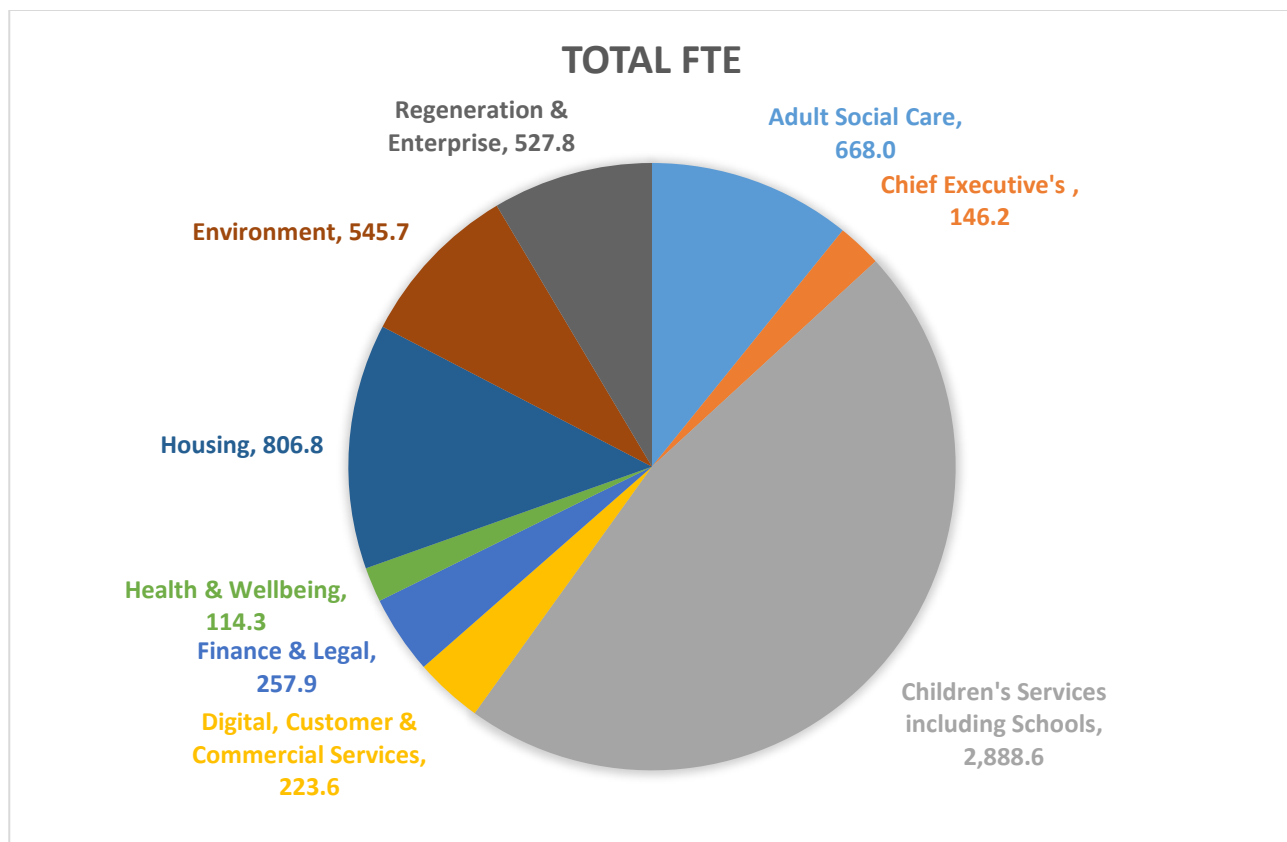
The majority of Special Education Needs and Disability (SEND) services are met from the High Needs Block within the Dedicated Schools Grant (DSG). In common with many other councils, we have been experiencing significant financial pressures from increasing demand for children that require additional educational support. Notwithstanding the high-level recovery plan that has been agreed, there is a forecast cumulative deficit of £26.7m on the High Needs Block, resulting in an overall DSG deficit at 31st March 2023 of £22.1m. The Government has regulated temporarily to ensure that this pressure does not impact the General Fund and has confirmed that this statutory override will be extended for a further three years to 31st March 2026.

The Department for Education (DfE) acknowledges the pressures which local systems are experiencing delivering special educational needs and disability (SEND) services. Its 'Delivering Better Value in SEND programme' is aiming to support local authorities to improve delivery of SEND services for children and young people while ensuring services are sustainable. This optional programme is currently providing dedicated support and funding to 55 local authorities. Dudley was selected to participate in the programme to work alongside Newton Europe, in collaboration with the Chartered Institute of Public Finance (CIPFA) and

£1m grant has been awarded to support the improvement of outcomes for children with Special Educational Needs.

Resources - People

As at 31st March 2023 the Council employed 6,178.9 Full Time Equivalent Staff across its Directorates:



Our people resource is crucial to the successful delivery of the Council’s strategic objectives.

Resources – Physical Assets

As at 31st March 2023, the assets used by the Council to provide services included:

- 46 Primary Schools and 1 Nursery School
- 4 Secondary Schools
- 7 Special Schools
- 1 Pupil Referral Unit
- Around 1,208 km of highways, 33,700 street lights and 4,550 illuminated traffic signals
- 3 Leisure Centres
- Over 21,000 Council Houses and Flats with over 1,100 Leasehold Flats
- 2 multi-storey, 1 two-storey and 60 other car parks

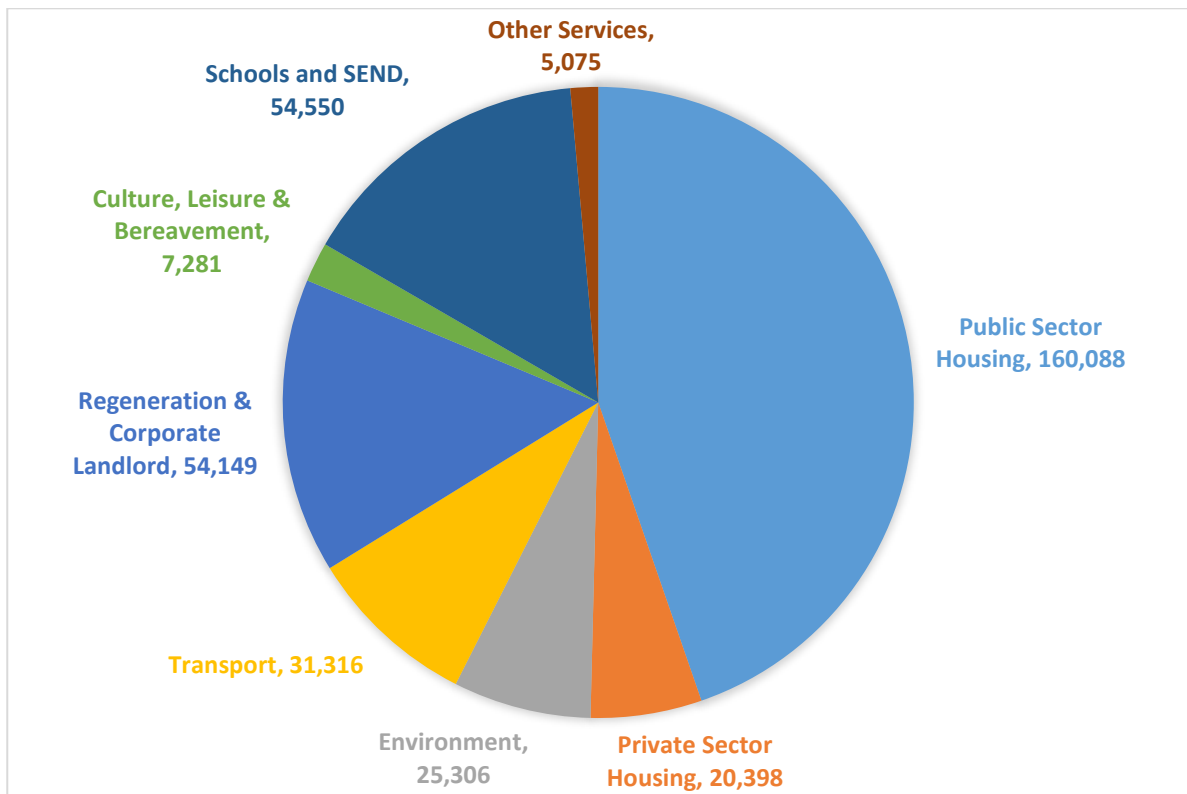
The Council has a corporate estate strategy which reflects the key Council Plan aims, recognising that good asset management should help the Council to

- Empower communities and engender civic pride;
- Improve the economic wellbeing of an area;
- Increase co-location, partnership working and the sharing of knowledge;
- Reduce carbon emissions and improve environmental sustainability;
- Prioritise and align resources with the Customer Connect initiative to deliver exceptional services for citizens of and visitors to Dudley.

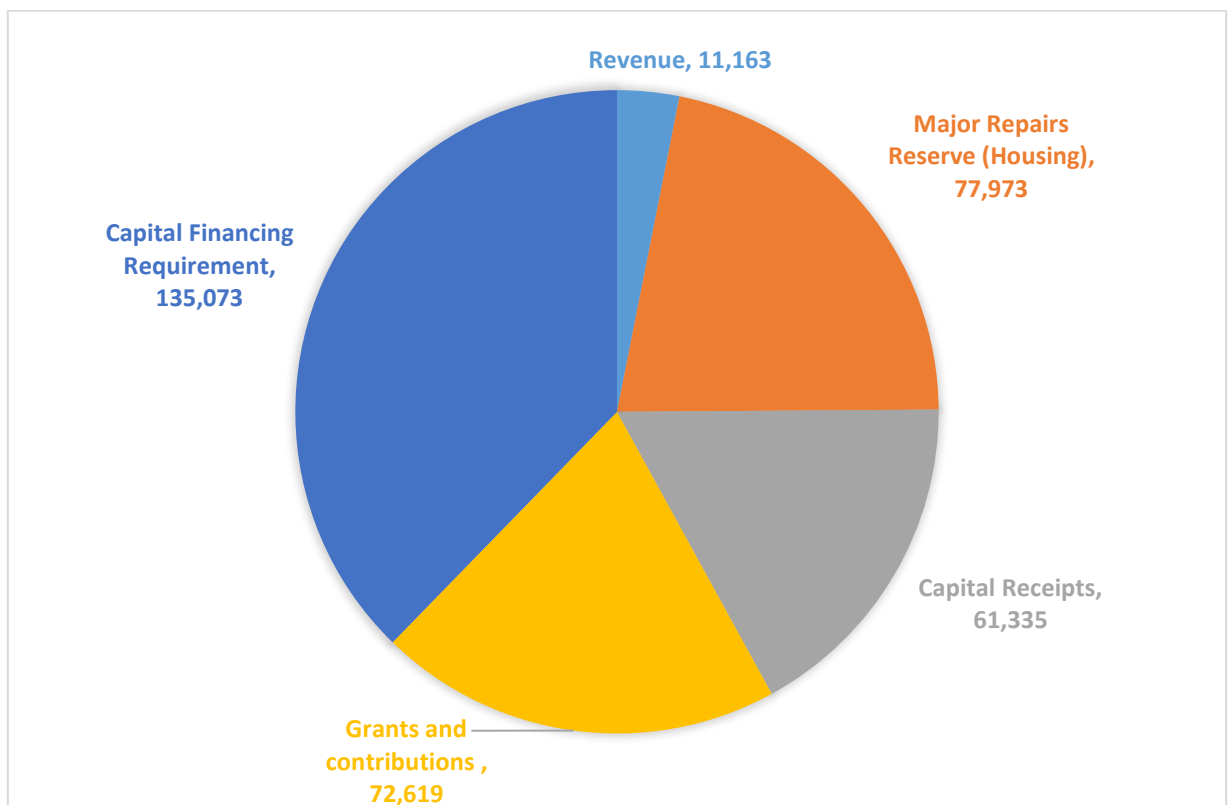
It will facilitate proactive management of the Council’s assets and generate ongoing savings and/or new revenue income.

Taking into account the Council’s capital grant allocations, together with affordable levels of “prudential” borrowing and locally generated capital resources in the form of capital receipts and contributions from revenue budgets, the current 3 year Capital Programme (2023/24-2025/26) totalling £358m and its funding is as follows:

Spend £358m



Funding £358m



Capital Investment Priorities

The Council's current capital investment priorities, including those where it is working in partnership, are as follows, as set out in the Capital Strategy agreed by Council in February 2023.

Public Sector Housing

Priorities:

- Planned programmes of expenditure to keep our homes in good order by providing efficient investment in key building components such as roofs, electrics, kitchens and bathrooms;
- Ensuring that as many of the Council's homes as are economically viable are available for occupation to a reasonable standard;
- Improving fuel poverty and energy efficiency for residents and contributing towards decarbonisation and the climate change emergency;
- Delivering social care programmes in residents' homes and improvements in sheltered schemes which increase the ability for residents to live independently in their own homes;
- Delivering regeneration, environmental and community safety improvements to our estates;
- Strategic stock investment and de-investment programmes in accordance with the Housing Asset Management Strategy 2019 – 2029 and providing necessary investment at affordable levels for communal facilities in flatted developments;
- Providing new affordable social housing within the borough;
- Providing an efficient repair service to undertake all statutory and compliance responsibilities, cyclical and routine maintenance.

Private Sector Housing

Priorities:

- Continued use of loan, grant and other forms of financial solutions to assist vulnerable occupiers living in the private sector to remain independent in their homes through property repair, improvement and adaptation;
- Winter Warmth / Energy Advice Service providing advice, practical support, equipment and repairs to ensure all vulnerable occupiers keep warm, healthy and heat their homes efficiently;
- Continued use of loan, grant and other forms of financial solutions to bring long term empty private properties back into use;
- Sustaining our improved performance in delivering adaptations for disabled persons through use of Mandatory Disabled Facilities Grants;
- Provision of rent deposit guarantees / loans to private sector landlords / potential tenants to facilitate access to accommodation for persons in need;
- Developing homes for private sale.

Highways and Transport

The Transport Capital Programme supports maintenance and improvement works on the Council's highway infrastructure and its associated assets, including street lighting, the repair and maintenance of pavements and public rights of way, structures, bridges and retaining walls.

Through effective asset management, the Council will continue to maximise opportunities offered by new technology using innovative ways of maintaining and improving its highway network.

By working with the Department for Transport, Transport for the West Midlands and the wider Combined Authority, West Midlands partners, local partners and the community, external funds will continue to be sought for existing and new projects. We will also, using Government Grants, continue to invest and improve the Borough's transport networks to ensure their safety, efficiency and minimise their environmental impact particularly associated with traffic congestion and air quality.

Current priorities:

- Delivery of the Highway Maintenance Programme for roads and pavements;
- Investment in the Street Lighting and Traffic Signal Infrastructure (to generate greater energy efficiency);
- Works on highway structures, bridges and retaining walls;
- Integrated Transport (minor schemes designed to improve the safety and increase the capacity of our transport network and encourage sustainable modes of travel);
- Completion of major and minor highway schemes and support other transport and regeneration projects.

Economic Regeneration

External funds are maximised to support the delivery of key economic regeneration projects and initiatives. Previously this has included the Heritage Lottery Fund, European Regional Development Fund (ERDF), Growing Places, Local Growth Fund, Get Building, Future High Streets Fund and Towns Fund, and funding accessible via the West Midlands Combined Authority.

More recently the Government launched the Levelling Up White paper in March 2022, which included as a central pillar, £2.6 billion of funding via the UK Shared Prosperity Fund (UKSPF) for local investment to March 2025 with the primary aim being 'to build pride in place and increase life chances across the UK aligning with the Levelling Up White paper missions. UKSPF is the replacement funding for European Structural Investment Funds which sees currently funded projects ending in December 2023. The West Midlands, via the Combined Authority (WMCA) has been allocated £88.4million with local authorities having funding devolved using a 70:30 methodology. Regeneration & Enterprise have been working with internal and external stakeholders to develop Dudley UKSPF priorities for the 3 year programme running from April 2022 to March 2025 which includes a capital funding allocation.

In Dudley, external funding has already been secured to support the regeneration of Dudley Town Centre through the Townscape Heritage Initiative for the development of Castle Hill as a major tourism cluster and to deliver public realm improvements in Dudley Town Centre.

The Council will continue to seek to maximise the use of external funds through its engagement with external partners including the WMCA, as part of the Trailblazer Devolution Deal discussions, Homes England, in addition to seeking to bid direct to Government for new funding streams including the Levelling Up Fund.

The Metro Extension through Dudley to Brierley Hill is potentially an economic regeneration game changer for Dudley. It will help to realise the following key benefits:

- Support our housing regeneration priorities through improved connectivity to areas of housing development opportunity;
- Support economic regeneration by improving accessibility to major employment sites including Castle Hill; Dudley Town Centre; our emerging DY5 Enterprise Zone; the Merry Hill Centre; Brierley Hill Town Centre as well as improving access to key visitor attractions such as the Black Country Living Museum and Dudley Zoological Gardens;
- Encourage modal shift from private car by delivering a high quality and reliable public transport service;
- Support an integrated transport network through providing seamless interchange

The Council is working with Transport for West Midlands (TfWM) to facilitate delivery of the Metro and this may also involve capital expenditure on Urban Realm and Highways measures to complement the Metro

TfWM is also proposing the creation of a new Transport Interchange for Dudley Town Centre which will replace the existing Bus station and link with Metro and potentially Sprint.

A recurring budget funded mainly by borrowing will be used for structural maintenance of Council buildings which cannot be met from other resources. Projects arising from the Council's Estate Strategy, including those in pursuance of the "One Public Estate" strand of the Council's Transformation agenda will also be progressed subject to value for money assessment.

Environmental Services

Current priorities are:

- possible alternative sites for the Household Waste Recycling Centre;
- ongoing programme for replacement of vehicles used to deliver services including exploring wider use of electric vehicles;
- delivery of the Green Spaces Asset Management Plan;
- promote and develop our open spaces and nature reserves through Geopark status and accreditation;
- develop a new sustainable Waste Strategy that is compliant with the emerging national picture.

Cultural

Current priorities are:

- New burial sites to be identified across the borough;
- A new children's play area and on-site café facility at Himley;

- Refurbishment of the Red House Glass Cone.

Schools

The key investment priorities for the use of available capital resources (mainly funded by a number of Government grants) are:

- Maximise the efficient and effective use of resources in collaboration with partners to improve service delivery.
- To work in joint partnership with schools to target available resources in accordance with the asset management programme.
- To address the backlog of urgent repairs and maintenance identified by condition surveys for all schools using fair and transparent prioritisation processes.
- To continue to address the issues of Basic Need requirements ensuring sufficient school places across the primary and secondary school sector (maintained and non-maintained) through effective place planning processes.
- To continue to develop the infrastructure required to improve the Special Educational Needs (SEN) provision including the issues of Basic Need requirements ensuring sufficient school places for Special Schools in line with the SEND Strategy.
- To continue to maximise bidding opportunities for external funding to replace or upgrade those school buildings with the most urgent need as identified by the principles of Asset Management Planning.
- To continue addressing issues regarding access for disabled persons to all buildings and to ensure appropriate Accessibility Plans are in place for all schools in line with latest regulations.
- To ensure the continuing delivery of the Directorate's asset management plan in accordance with DfE requirements especially for the collation of robust data on school places and condition.
- To ensure revisions to regulations and guidance for school buildings are adhered to and complied with.

Social Care, Health and Well Being

Working in partnership to address the Borough's Extra Care Housing needs.

Commercial and Customer Services

Ongoing programme for replacement and upgrading of ICT infrastructure used to deliver services.

Resources - ICT

Digital & Customer Services

Corporate contact centre including council tax, benefits, switchboard, environmental, housing, and public health services. Other activities include managing the Councillor Contact and complaints process, Local Government Ombudsman casework, Tell Us Once, and Blue Badge. Customers use many channels to contact us: telephone, online self-service, email, social media, and in-person.

- The team are leading on the procurement and deployment of a new digital platform for residents, councillors and officers. Excellent due diligence and requirements capture has ensured the 3 shortlisted bidders will provide an excellent partner for the council.
- KPIs include telephone and walk-in answer rates. Since Q2, performance is stabilising and DC+ achieved KPI targets for the first time since pre-covid.
- We have recruited some excellent quality candidates in our digital front door team who are making a positive impact in the team and driving the platform project forward.

Technology Services

This service manages the deployment, development, monitoring, maintenance, upgrading and supporting of organisational IT systems, keeps the council safe through a cyber security programme, and supports staff and members by advising and managing all incidents, problems, and change/service requests

- The PSN ITHC (IT Health Check) has been completed in Jan 2023 and the final report is due in Feb 2023.
- We have put more emphasis on governance and implemented TDA (Technical Design Authority) which is a design and cyber security gateway
- We have automated security patches for our server/device infrastructure to improve our security posture. This will help us maintain PSN compliance and work towards Cyber essentials.
- We have continued developing modern ways of working and introduced Always-On VPN to enable staff to work from anywhere without compromising data security.
- Microsoft Enterprise Agreement is completed and signed off for the next 3 years.

- We successfully moved all our on-premises mailboxes to the cloud (Exchange Hybrid) Multi-Factor Authentication /Conditional Access is being rolled out to all staff since Dec 2022.

Risks

The Audit and Standards Committee approved a new corporate risk management framework in April 2021. Workshops with Risk Owners have taken place to raise the level of understanding of formal risk management and to embed an effective risk management framework. A number of Corporate (SEB) Risks have been identified which are generally acknowledged as being the most significant facing the Council. Strategic Executive Board, and the Audit and Standards Committee receive reports on Corporate Risks at least 3 times per annum and in addition, all Directors review risks on a quarterly basis. Audit and Standards Committee also approves the Risk Management Strategy. Current Corporate Risks are as follows:

- The Council is unable to meet its commitments to deliver statutory services as they fall due because annual income is insufficient and reserves have been fully depleted.
- Do not deliver the appropriate and timely support to our residents in cases where they are experiencing increased hardship.
- Major fraud against the Council.
- Death, injury or ill health of Council staff, Members, service users and visitors when attending Council premise and/or Council staff undertaking their normal role.
- Failure to comply with the requirements of the UK General Data Protection Regulation tailored by the Data Protection Act 2018 and associated legislation.
- Failure to meet and evidence statutory building safety and compliance responsibilities.
- Failure to comply with HR related legislative requirements.
- The inability to recruit and retain staff particularly in professional areas where there is a national shortage of skills and expertise.
- Failure to adhere to the Equality Act 2010 and Public Sector Equality Duty.
- A major external information security breach takes place resulting in the loss/disclosure of a substantial amount of personal information or a ransomware attack.
- Failure to demonstrate compliance with Contract Standing Orders/Procurement legislation affects the council's ability to deliver effective procurement/value for money.
- Contracts are not managed effectively.
- The Council does not respond effectively and recover quickly from major incidents.
- Failure to seize the opportunities and exploit the benefits that are envisaged from the huge regeneration programme investment that impacts on the council's vision for 2030.
- Withdrawal of the proposed METRO route between Dudley Town Centre and Brierley Hill.
- Chief Executive's Office: lack of oversight of programmes and projects across the Council, with no assurance and monitoring or progress against time, cost and quality.
- Failure to identify and protect adults in positions of vulnerability from harm and serious abuse as required by the Care Act 2014.
- Failure to identify and protect children in positions of vulnerability as required under legislation.
- Failure to meet the targets for carbon reduction in all aspects of the Council's operation is seen not to be in accordance with the Council's commitment to the environment.

Income and Expenditure 2022/23

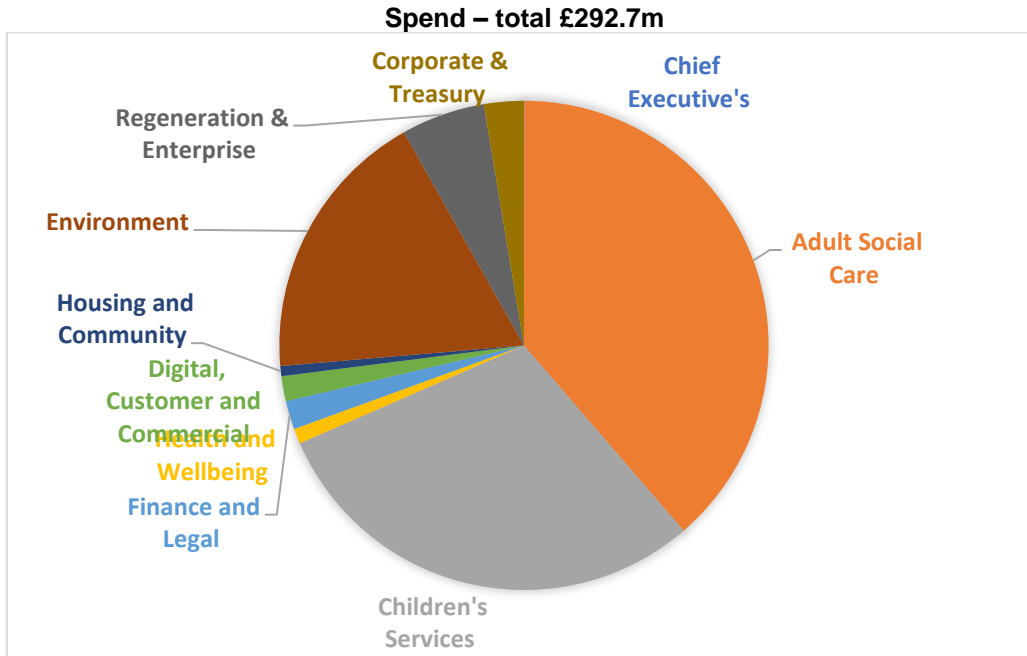
The accounts distinguish between revenue and capital expenditure. Revenue spending is generally on items which are used within a year. Capital spending is expenditure on the acquisition of new assets or which adds value to existing assets or which extends the life of the asset beyond one year and where it is appropriate to spread the costs across the tax and rent payers who will be receiving benefits over more than one year. Revenue expenditure therefore includes costs such as those of repayment of borrowing arising from capital expenditure in previous years.

Since 2020/21, up to and including 2023/24, local government has received one-year settlements from central government, and the Government has indicated that it will review the system of local government finance allocations to individual councils, taking as a starting point the previous work on Business Rate Retention and the Fair Funding Review. The Autumn Statement in 2022 and the subsequent local government financial settlement gave funding allocations for 2023/24 and some indicative figures for 2024/25.

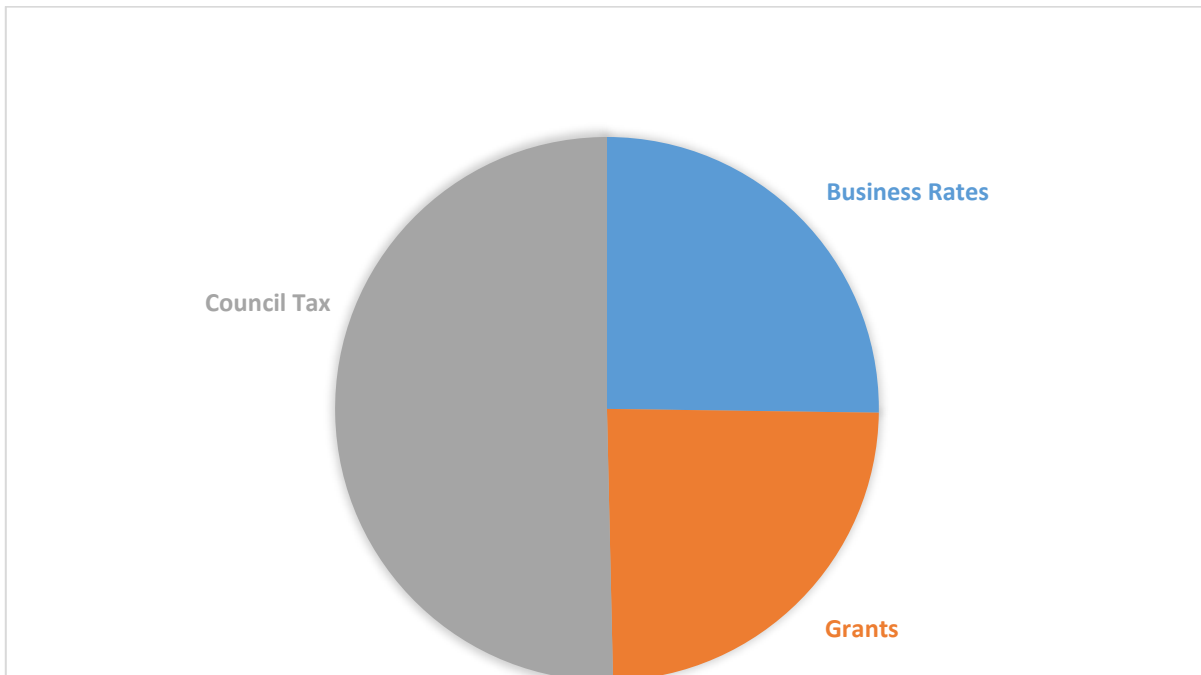
Revenue Spend in 2022/23

General Fund

The split of the Council’s net General Fund service expenditure and corporate funding as reported to the Council’s Cabinet in July 2023 is as follows.



Funding – total £278.8m



The excess of expenditure over funding of £12.9m was funded from earmarked reserves (£7.5m) and general balances (£5.4m). Spend compared with budget for each service and corporate funding is as follows.

	Budget	Gross Outturn	Transfers to/(from) earmarked reserves	Net Outturn	Variance
	£m	£m	£m	£m	£m
Chief Executive's	-0.3	0.1	-0.1	0.0	0.3
Adult Social Care	112.6	112.7	-0.1	112.6	0.0
Children's Services	80.0	86.8	-2.9	83.9	3.9
Health and Wellbeing	3.8	2.9	0.7	3.6	-0.2
Finance and Legal	5.5	5.5	0.4	5.9	0.4
Digital, Customer and Commercial	5.4	4.8	0.7	5.5	0.1
Housing and Community	2.6	2.0	0.2	2.2	-0.4
Environment	52.4	53.0	0.8	53.8	1.4
Regeneration & Enterprise	12.8	16.1	-0.2	15.9	3.1
Corporate & Treasury	10.0	7.8	1.5	9.3	-0.7
Total Service Costs	284.8	291.7	1.0	292.7	7.9
Business Rates	-70.3	-70.3	0.0	-70.3	0.0
Grants	-76.4	-68.2	-8.5	-76.7	-0.3
Council Tax	-140.3	-140.3	0.0	-140.3	0.0
Total Corporate Funding	-287.0	-278.8	-8.5	-287.3	-0.3
Net = Use of / Addition to (-) General Fund Balance	-2.2	12.9	-7.5	5.4	7.6

Main reasons for variances included:

- Increased number of adult and child social care clients and rising cost of care;
- Increased home to school transport costs;
- Housing Benefit overpayments;
- Increased cost of coroner's service;
- Shortfall of income, especially leisure centres, catering and events;
- Higher inflation, especially energy and fuel costs;
- Savings on pension past service deficit;
- Pay award higher than originally budgeted;
- Savings on contract efficiencies and staff vacancies;
- Capital slippage and reduced borrowing costs.

The budgets by service has changed since July Cabinet due to revaluations that have posted to surplus / deficit on provision of services however the net variances have remained as per the table above.

HRA

HRA net expenditure of £0.4m (before transfers to earmarked reserves) compared with budgeted net expenditure of £1.8m. Main reasons for the variance include:

- Lower income from rents mainly from higher voids and house sales and more properties not in management;
- Additional income mainly from grant and other income;
- Higher interest earned from balances which were greater than expected;
- Increased spend on responsive and planned major repairs, partly offset by reduced spend on inspections and surveys and compliance generated repairs;
- Other favourable variances including vacancies.

What we spent the money on

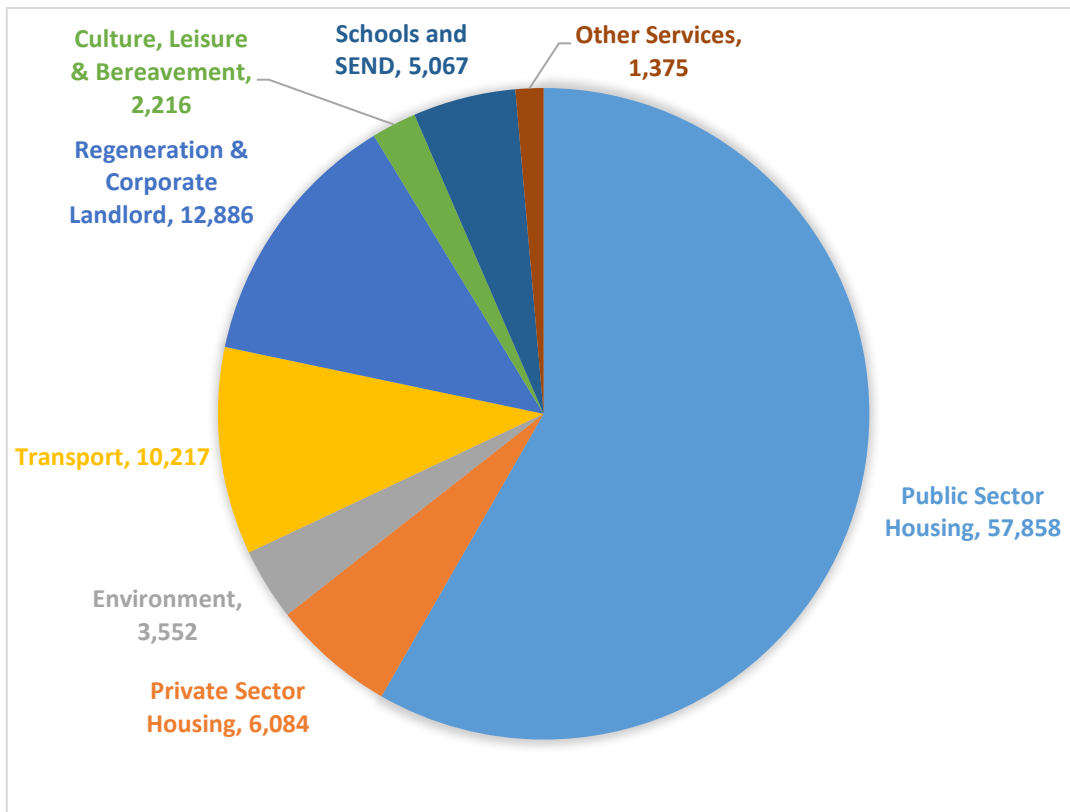
In addition to managing and maintaining the Council's assets such as Schools, Highways, and Council Housing, as set out above, key outputs and outcomes included:

- 593 children looked after;
- 314 care experienced young people;
- Around 20,000 children educated in maintained schools;
- Over 5,000 adults receiving care;
- Refuse collected weekly from over 138,000 properties; green waste collections from over 132,000 properties fortnightly from April to November; kerbside recycling from over 136,000 properties fortnightly;
- Over 52,000 square metres of highway defect repairs completed;
- Over 500 people have used the new pop up tip facility with 21.2 tonnes of waste recycled as a result;
- Over 1,000 incidents of graffiti and almost 2,000 incidents of fly tipping dealt with;
- 260 large trees planted;
- 1,120 potential homelessness cases prevented;
- 96.4% of council tax income collected;
- 97.5% of business rates income collected;
- Over 3,300 cremations and over 600 burials (including cremated remains);
- Almost 26,000 tickets sold for shows at Dudley's Halls;
- 6,900 Leisure Centre memberships sold;
- 150,000 hits to the Discover Dudley website;
- Events delivered around the Birmingham 2022 Commonwealth Games including the Queen's Baton Relay, cycling time trials and 8 festival sites;
- 100% of major planning applications determined within the 13 week target.

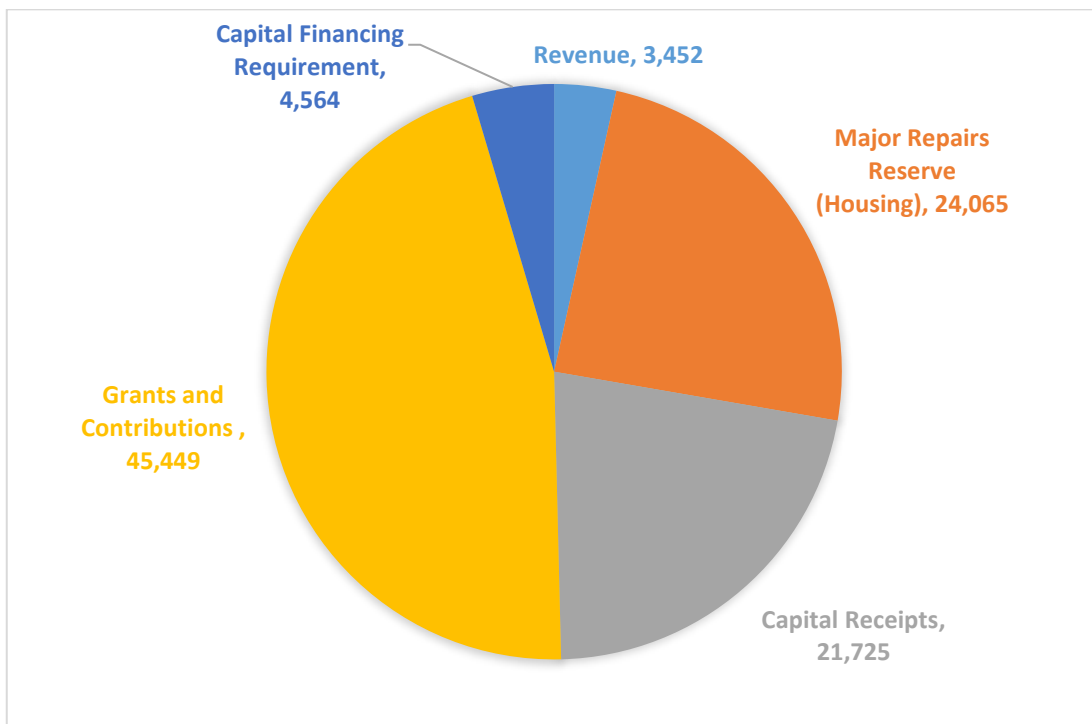
Capital Spend in 2022/23

The breakdown of the Council's total capital expenditure of £99.3m in 2022/23 is shown below.

Spend



Funding



Capital projects completed, or substantially completed, in 2022/23 included the following schemes.

- Public Sector Housing:
 - 61 new council homes expected to be completed in 2023/24 and a further 75 in 2024/25 with further additional homes to be developed under the Brownfield Land programme.
 - A Compulsory Purchase Order has commenced to facilitate the redevelopment of 122 – 128 Colley Gate, Cradley, to develop a new housing scheme of 8 units.

- Private Sector Housing:
 - Housing Assistance Grants for emergency safety improvements;
 - Disabled Facilities Grants schemes;
 - 4 new homes are being built for sale on Himley Road.

- School projects:
 - The focus is on ensuring sufficient secondary school places, with projected places in both primary and secondary phases being closely monitored.
 - Capital funding for SEND including additional bases is being allocated.

- Environment:
 - The refurbishment and extension of Tintern House (Stevens Park, Quarry Bank) is complete. The Emily Jordan Foundation Projects are running their various projects from the house, including “Spokes” (bicycle restoration and sales), “Twigs” (horticultural training and sales) and “Go Green” (recycling).
 - The acquisition of 113 and 115 Wrens Nest Road, to form the Wrens Nest Wardens’ Base, was completed in August 2021 and work is progressing, with input from Greencare, Friends’ Groups and other interested parties, to design the new base.
 - Blue Network project due to finish the end of June 23 will have completed 77.5 hectares of Blue / Green Improvements contributing to improving surface area of habitats supported in order to attain better conservation status. Sites include Holloway Street, Sedgley Beacon, Castle Hill / Peggy’s Meadow, Turls Hill and Coseley Open Spaces.

- Regeneration:
 - Continuing repair, reinstatement and refurbishment works on historic buildings in Dudley Town Centre, supported by the National Lottery Heritage Fund. The programme is now due to complete in September 2023.
 - Grant assistance to third parties to carry out repair, reinstatement and refurbishment works to historic buildings in Brierley Hill through the Brierley Hill High Street Heritage Action Zone programme, as well as grant assistance towards bringing vacant floorspace back into use and public realm improvements. Works are also in progress in Brierley Hill funded by the Future High Streets Programme.
 - Works to the Brierley Hill War Memorial and the War Memorial Garden are complete, subject only to resolution of snagging items.
 - Works have commenced, supported by the Public Sector Decarbonisation Scheme, to switch sites including Dudley Council House and Town Hall, Stourbridge Town Hall and Library, Himley Hall and Ward House as well as seven primary schools from carbon-intensive forms of heating such as oil and gas to electrical forms of heating (air source heat pumps - ASHP) that have a trajectory to becoming zero-carbon. All works are now practically completed with the exception of some final testing and commissioning for some of the ASHP installations which is still ongoing.
 - A joint project between Corporate Landlord Services and Housing will also see reduced carbon emissions both in public buildings and in council owned homes. The programme of energy efficiency improvements to the corporate estate is nearing completion.
 - CCTV installation is progressing with phase 1 complete and operational and phases 2 and 3 largely complete.
 - The Dudley Town Hall Bistro refurbishment was completed and the Bistro opened in autumn 2022.

Performance

Performance against targets is reported quarterly to the Strategic Executive Board and to the Overview and Scrutiny Committee.

Reports focus on the priorities contained in the Council Plan and provides a detailed review of the progress of the quarterly corporate key performance indicators on a balanced scorecard model. These Performance Indicators and parameters aid early indication of change; these are sufficiently in our control to effectively be actionable to promote improvement. The indicators in this category are either business critical to the Council meeting its core priorities or are areas of particular concern to Strategic Executive Board / Cabinet at the present time where change and improvement are required.

There are 59 Key Performance Indicators, which monitor the progress of the delivery of the Council Plan 2022-25. For quarter 4 of 2022/23, 26 are on or exceeding target, 8 have met target and 20 are below target. 3 have no target therefore a score is not available.

Trends indicate that 15 measures have improved performance in 2022/23 compared to the previous year, 4 are consistent and 22 have worsened. 18 are new measures and an annual comparison is not possible.

The table below highlights some of the key indicators and the trend compared to 2021/22.

Service in numbers 2022-23

(Arrows indicate trend compared to 2021-22)

<p>99.9% Average data network availability</p> <p>Future Council </p>	<p>87.4% Proportion of new tenants who are satisfied with the lettings process</p> <p>Destination of choice </p>	<p>96.4% Council tax income collected</p> <p>Future Council </p>	<p>97.5% Business rates income collected</p> <p>Future Council </p>	<p>£1,015,000 Value of savings made by prevention to the people of Dudley by the Scams Team</p> <p>Safe and healthy borough </p>
<p>75.1% Proportion of children and young people who attend a good or outstanding school</p> <p>Borough of opportunity </p>	<p>192 Adults gained employment via Economic Growth and Skills</p> <p>Borough of opportunity </p>	<p>22% Proportion of taxi fleet which is wheelchair accessible</p> <p>Safe and healthy borough New </p>	<p>17 External accreditations for parks and green spaces</p> <p>Safe and healthy borough </p>	<p>1,120 Homelessness preventions made by homelessness team</p> <p>Destination of choice </p>
<p>52,115 Sq. metres of highway defect repairs completed</p> <p>Ambition and enterprise New </p>	<p>18.3 Average number of days lost per lost time accident at work</p> <p>Future Council </p>	<p>104 Affordable homes delivered (gross) against target of 200</p> <p>Destination of choice </p>	<p>951 Customer compliments received</p> <p>Ambition and enterprise </p>	<p>88% Adults 65+ at home 91 days after discharge from hospital into reablement services</p> <p>Borough of opportunity </p>

Key highlights of activities include:

Public Health & Wellbeing

- Public Health and Wellbeing held a business planning day on 21st March 2023. The aim of the day was to recognise the enormous effort everyone in the division made to support the Covid-19 pandemic, allow networking, promote business planning and encourage team cohesion.

Finance & Legal

- Council tax collection regularly achieves upper quartile performance compared to other metropolitan authorities. A pleasing year end performance comparing favourably with our neighbouring authorities.

Digital, Customer & Commercial Services

- The digital front door and customer service team have procured a 5-year contract with Granicus and have commenced the development of a new digital platform for residents, councillors and officers.

- We are rolling out mobile devices to the social care staff. This will allow staff to access and update user care records whilst attending on-site assessments. We are on target to deploy all 588 devices by end of May 2023

Regeneration and Enterprise

- Dudley Planning Services remain in top quartile for all national PI's. The service is achieving 90%+ for minor and other applications and 100% for major applications, performance has been within the Governments top quartile for over 3 years and Dudley is ranked top 3 for performance of major applications across the country.

Housing & Community Services

- Housing services collected £90.6 million in rental income during 2022/23. Current tenant arrears as a percentage of the rent debit for 2022/23 was 1.19%, the second lowest in the Midlands, with the average arrears as a percentage of debit across the 20 members of the group being 3.01%.

Statement of Accounts 2022/23

The pages which follow are the Authority's final accounts for 2022/23, and comprise the **Core Statements**:

- Movement in Reserves Statement (MiRS);
- Comprehensive [Income and Expenditure Statement](#) (CIES);
- [Balance Sheet](#);
- [Cash Flow Statement](#).

The Core Statements are followed by **supporting and disclosure notes**, which:

- gives more detail behind the figures in the accounts;
- outline the judgements and estimates used in preparing the accounts;
- explain the accounting policies which have been applied.

The remaining statements are regarded as subsidiary to the core statements:

- [Housing Revenue Account](#) - this reflects a statutory obligation to account separately for local authority housing provision. These accounts are fully included within the main Movement in Reserves Statement and the Comprehensive Income and Expenditure Statement.
- [Collection Fund](#) - This shows the transactions of Dudley as a billing authority in relation to non-domestic rates and council tax, and illustrates the way in which these have been distributed to precepting authorities and to Dudley's General Fund.

The **Annual Governance Statement** accompanies the published Statement of Accounts but is not part of it.

General Principles of Accounting Policies and Changes for 2022/23

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31st March 2023. The Council is required to prepare an annual statement of accounts, in accordance with proper accounting practices, by the Accounts and Audit Regulations 2015. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), supported by International Financial Reporting Standards (IFRS). Some necessary roundings remain.

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

No changes introduced by the 2022/23 Code significantly affect the Council.

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e., those that can be applied to fund expenditure or reduce local taxation) and other, known as unusable, reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This true cost is different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the change in the year to the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

2022/23	Unearmarked General Fund Balance	Business Rates s31 and Tax Income Guarantee Grant Reserves	Other Earmarked Reserves	Total General Fund Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31/3/22	27,161	14,194	34,158	75,513	5,966	23,553	0	972	106,004	421,418	527,422
Total Comprehensive Income and Expenditure	(51,059)	0	0	(51,059)	4,878	0	0	0	(46,181)	762,462	716,281
Adjustments between accounting basis and funding basis under regulations (Note 1)	38,097	0	0	38,097	(3,135)	(7,002)	0	5,353	33,313	(33,313)	0
Net increase or (decrease) before transfers to/from earmarked reserves	(12,962)	0	0	(12,962)	1,743	(7,002)	0	5,353	(12,868)	729,149	716,281
Transfers to/from earmarked reserves (Note 16)	7,550	(8,498)	948	0	0	0	0	0	0	0	0
Increase or (decrease) in year	(5,412)	(8,498)	948	(12,962)	1,743	(7,002)	0	5,353	(12,868)	729,149	716,281
Balance at 31/3/23	21,749	5,696	35,106	62,551	7,709	16,551	0	6,325	93,136	1,150,567	1,243,703

2021/22	Unearmarked General Fund Balance (including Schools Budget surplus / deficit)	Business Rates s31 and Tax Income Guarantee Grant Reserves	Other Earmarked Reserves	Total General Fund Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31/3/21	28,857	47,264	35,670	111,791	5,321	19,626	0	1,140	137,878	54,857	192,735
Total Comprehensive Income and Expenditure	(50,105)			(50,105)	16,693				(33,412)	368,100	334,688
Adjustments between accounting basis and funding basis under regulations (Note 1)	13,828			13,828	(16,048)	3,927	0	(168)	1,539	(1,539)	0
Net increase or (decrease) before transfers to/from earmarked reserves	(36,277)	0	0	(36,277)	645	3,927	0	(168)	(31,873)	366,561	334,688
Transfers to/from earmarked reserves (Note 16)	34,582	(33,070)	(1,512)	0	0	0	0	0	0	0	0
Increase or (decrease) in year	(1,695)	(33,070)	(1,512)	(36,277)	645	3,927	0	(168)	(31,873)	366,561	334,688
Balance at 31/3/22	27,161	14,194	34,158	75,513	5,966	23,553	0	972	106,004	421,418	527,422

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT for the year ended 31 March 2023

This is a summary of the funds raised and used by the council in the year. It shows the net cost for the year of the functions for which the council is responsible and demonstrates how that cost has been financed from general Government grants and income from local taxpayers. The CIES follows International Financial Reporting Standards and reconciles to the change in the year of the net worth as shown in the balance sheet.

The 2021/22 figures have been restated due to changes in the Council's structure in 2022/23. The figures shown for 2021/22 are as if the restructure was in place throughout 2021/22. The largest change is the transfer of Libraries from Housing & Community to Digital, Customer & Commercial Services (£4m expenditure).

	2022/23	2022/23	2022/23	Restated	Restated	Restated
	Expenditure	Income	Net	2021/22	2021/22	2021/22
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive's	3,449	(1,727)	1,722	3,255	(1,888)	1,367
Adult Social Care	166,420	(84,210)	82,210	155,427	(75,256)	80,171
Dedicated Schools Grant	211,148	(194,674)	16,474	202,609	(184,843)	17,766
Children's Services	100,687	(13,902)	86,785	92,799	(8,995)	83,804
Public Health Grant	23,089	(23,517)	(428)	22,011	(21,907)	104
Health and Wellbeing	9,807	(5,864)	3,943	14,019	(7,083)	6,936
Finance and Legal Services	62,421	(54,680)	7,741	62,542	(55,084)	7,458
Digital, Commercial & Customer Services	7,712	(1,232)	6,480	7,985	(985)	7,000
Housing Revenue Account (HRA)	82,507	(95,300)	(12,793)	79,404	(90,845)	(11,441)
HRA - revaluation (gain) / loss on housing stock	0	0	0	(16,592)	0	(16,592)
Housing and Community	11,153	(8,539)	2,614	10,334	(8,495)	1,839
Environment	66,324	(9,509)	56,815	65,306	(8,541)	56,765
Regeneration & Enterprise	61,826	(25,649)	36,177	57,995	(30,861)	27,134
Corporate & Treasury	(4,895)	(656)	(5,551)	(1,258)	(555)	(1,813)
Net Expenditure of Continuing Operations	801,648	(519,459)	282,189	755,836	(495,338)	260,498
Other Operating Expenditure (Note 2)			11,711			14,768
Financing and Investment Income & Expenditure (Note 3)			39,316			41,563
Taxation and Non-specific Grant Income (Note 4)			(287,035)			(283,417)
(Surplus) or Deficit on Provision of Services			46,181			33,412
(Surplus) / deficit on revaluation of non-current assets			(124,062)			(25,193)
(Surplus) / deficit on revaluation of equity instruments (airport shares)			(15,514)			(350)
Remeasurement of net pension liabilities - Note 28			(622,886)			(342,557)
Other Comprehensive Income & Expenditure			(762,462)			(368,100)
Total Comprehensive Income & Expenditure			(716,281)			(334,688)

BALANCE SHEET

This sets out the authority's year-end financial position. It shows the balances and reserves at the authority's disposal and its long-term indebtedness, the long-term and net current assets employed in its operations, and summarised information on the property, plant and equipment and other long-term assets held. It includes the Collection Fund but excludes Trust Funds.

	31 March 2023 £'000	31 March 2022 £'000
Property, Plant and Equipment (Note 17)	1,851,177	1,713,416
Intangible Assets (Note 17)	665	740
Heritage Assets (Note 18)	24,365	23,864
Long Term Investments - Non property investments (Note 19)	32,302	16,788
Long Term Debtors (Note 20)	55,059	72,575
Long Term Assets	1,963,568	1,827,383
Short Term Investments (Note 19)	9,435	35
Inventories	2,030	1,246
Short Term Debtors (Note 20)	79,823	67,761
Cash and cash equivalents, etc. (Note 22)	5,594	4,692
Assets held for sale (Note 23)	2,594	1,336
Current Assets	99,476	75,070
Cash and cash equivalents, etc. (Note 22)	(8,644)	0
Short Term Borrowing (Note 19)	(51,962)	(82,412)
Short Term Creditors (Note 24)	(76,886)	(124,093)
Short Term Deferred Liabilities (Note 19)	(753)	(2,537)
Provision (< 1 year) (Note 25)	(7,884)	(7,135)
Revenue Grants Received in Advance (Note 14)	(517)	(477)
Current Liabilities	(146,646)	(216,654)
Long Term Deferred Liabilities (Note 19)	(11,110)	(11,864)
Provisions (> 1 year) (Note 25)	(2,653)	(3,029)
Long Term Borrowing (Note 19)	(655,145)	(601,148)
Net Pension Liabilities (Note 28)	0	(541,576)
Capital Grants Received in Advance (Note 14)	(3,784)	(760)
Long Term Liabilities	(672,692)	(1,158,377)
Net Assets	1,243,705	527,422
Total Usable Reserves (Note 16)	93,138	106,004
Total Unusable Reserves (Note 26)	1,150,567	421,418
Total Reserves	1,243,705	527,422

These accounts replace the unaudited Financial Statements certified by Iain Newman (Director of Finance and Legal Services) on 13th September 2023.

CASH FLOW STATEMENT

This summarises the inflows and outflows of cash arising from transactions with third parties for capital and revenue purposes:

	2022/23	2021/22
	£'000	£'000
Net (Surplus) or Deficit on the Provision of Services	46,181	33,412
Adjustments to net Surplus or Deficit on the Provision of Services for non-cash movements (note 29)	(127,740)	(199,133)
Adjustments for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities (note 29)	62,834	60,470
Net Cash Flows from Operating Activities	(18,725)	(105,251)
Investing Activities - (Note 30)	36,189	13,533
Financing Activities - (Note 31)	(9,720)	100,414
Net (Increase) or Decrease in Cash and Cash Equivalents	7,744	8,696
Cash and Cash Equivalents at the Beginning of the Reporting Period	4,693	13,389
Cash and Cash Equivalents at the End of the Reporting Period (Note 22)	(3,051)	4,693

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MiRS Notes**Note 1: Adjustments between Accounting Basis and Funding Basis under Regulations**

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

2022/23	Usable Reserves					Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation and amortisation of non-current assets	24,320	24,076	0	0	0	(48,396)
Revaluation (gains) / losses on Property Plant and Equipment and heritage assets	13,573		0	0	0	(13,573)
Capital grants and contributions applied	(37,586)	(7,504)	0	0	0	45,090
Revenue expenditure funded from capital under statute	8,928		0	0	0	(8,928)
Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the Comprehensive Income and Expenditure Statement	3,567	9,409	0	0	0	(12,976)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement						
Provision for the financing of capital investment	(13,766)		0	0	0	13,766
Capital expenditure charged against the General Fund and HRA Balances	(3,452)		0	0	0	3,452
Adjustments primarily involving the Capital Grants Unapplied Account:						
Transfer in respect of Community Infrastructure Levy (CIL) receipts	(89)	0	0	0	89	0
Transfer in respect of other capital grants not yet applied	(5,624)				5,624	0
Application of Grants for capital financing					(360)	360
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain or loss on disposal to the Comprehensive Income and Expenditure Statement	(857)	(13,864)	14,721	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure			(21,725)	0	0	21,725
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals		222	(222)	0	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool			0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash			97	0	0	(97)
Write down of Capital Debtors			127	0	0	(127)

2022/23 continued	Usable Reserves					Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000's	£000's	£000's	£000's	£000's	£000's
Adjustments primarily involving the Major Repairs Reserve						
Transfer of Depreciation to Major Repairs Reserve		(24,065)		24,065		0
Use of the Major Repairs Reserve to finance new capital expenditure				(24,065)		24,065
Adjustments primarily involving the Financial Instruments Adjustments Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(570)					570
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	71,724	13,872				(85,596)
Employer's pensions contributions and direct payments to pensioners payable in the year	(27,678)	(5,281)				32,959
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	736					(736)
Adjustments primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	10					(10)
Adjustments primarily involving the Dedicated Schools Grant Account:						
Schools Budget Deficit in Year	4,861					(4,861)
Total Adjustments 2022/23 between accounting basis and funding basis under regulations	38,097	(3,135)	(7,002)	0	5,353	(33,313)

2021/22	Usable Reserves					Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation and amortisation of non-current assets	24,089	24,884	0	0	0	(48,973)
Revaluation losses on Property Plant and Equipment and heritage assets	12,381	(16,415)	0	0	0	4,034
Capital grants and contributions applied	(40,912)	(4,947)	0	0	0	45,859
Revenue expenditure funded from capital under statute	8,489		0	0	0	(8,489)
Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the Comprehensive Income and Expenditure Statement	2,993	10,327	0	0	0	(13,320)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement						
Provision for the financing of capital investment	(12,755)		0	0	0	12,755
Capital expenditure charged against the General Fund and HRA Balances	(2,935)	(1,000)	0	0	0	3,935
Adjustments primarily involving the Capital Grants Unapplied Account:						
Transfer in respect of Community Infrastructure Levy (CIL) receipts	(99)	0	0	0	99	0
Application of Grants for capital financing					(267)	267
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain or loss on disposal to the Comprehensive Income and Expenditure Statement	(560)	(14,041)	14,601	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure			(8,338)	0	0	8,338
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals		247	(247)	0	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	2,291		(2,291)	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash			71	0	0	(71)
Write down of Capital Debtors			131	0	0	(131)

2021/22 continued	Usable Reserves					Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000's	£000's	£000's	£000's	£000's	£000's
Adjustments primarily involving the Major Repairs Reserve						
Transfer of Depreciation to Major Repairs Reserve		(24,885)		24,885		0
Use of the Major Repairs Reserve to finance new capital expenditure				(24,885)		24,885
Adjustments primarily involving the Financial Instruments Adjustments Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(566)					566
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	82,173	14,841				(97,014)
Employer's pensions contributions and direct payments to pensioners payable in the year	(28,946)	(5,059)				34,005
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(38,399)					38,399
Adjustments primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(111)					111
Adjustments primarily involving the Dedicated Schools Grant Account:						
Schools Budget Deficit in Year	6,695					(6,695)
Total Adjustments 2021/22 between accounting basis and funding basis under regulations	13,828	(16,048)	3,927	0	(168)	(1,539)

CIES Notes

Note 2: Other Operating Expenditure

	2022/23	2021/22
	£'000	£'000
Levy – Environment Agency	114	111
West Midlands Integrated Transport Authority Levy	12,831	12,598
Pension Administration Expense	800	733
Payments to the Government Housing Capital Receipts Pool	0	2,291
Gains (-) / Losses on the disposal of non-current assets	(2,033)	(965)
Total	11,711	14,768

For the financial years 2022/23 and 2023/24 local authorities with a Housing Revenue Account are able to retain 100% of their income received through the Right to Buy scheme hence there is no payment accrued to the Government Housing Capital receipts pool in 2022/23.

Note 3: Financing and Investment Income and Expenditure

	2022/23	2021/22
	£'000	£'000
Interest payable on debt	22,473	22,758
Interest element of finance leases	500	482
Interest payable on PFI unitary payments	1,045	1,277
Pensions Net Interest Cost	15,497	16,652
Dividends receivable	(110)	(110)
Movements in Impairment Allowances	462	738
Interest receivable and similar income	(552)	(234)
Total	39,316	41,563

Note 4: Taxation and Non Specific Grant Income

	2022/23	2021/22
	£'000	£'000
Council Tax income	140,845	134,221
Locally retained Non Domestic Rates (net of Tariff)	69,105	66,792
Non Ring Fenced Government Grants (further details in Note 14)	35,206	43,136
Capital grants and contributions (further details in Note 14)	41,878	39,268
Total	287,035	283,417

Note 5: Expenditure and Funding Analysis

The Expenditure and Funding Analysis (EFA) shows how funding available to the authority (i.e., government grants, rents, council tax and business rates) for the year has been used to provide services in comparison with those resources consumed or earned by the authority in accordance with generally accepted accounting practices. The EFA also shows how this expenditure is allocated for decision making purposes between the authority's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES). In line with the CIES the 2021/22 figures have been restated to show the structure as if the changes made in 2022/23 had been in place throughout 2021/22.

	As reported for resource management	Exclude transfers to/from earmarked General Fund Reserves (note A)	Adjustments in respect of "Other Income and Expenditure" (note B)	Net Expenditure Chargeable to the General Fund and HRA balances	Pension adjustments between Funding and Accounting Basis (note C)	Capital adjustments between Funding and Accounting Basis (note D)	Other adjustments between Funding and Accounting Basis (note E)	Net Expenditure in the CIES
2022/23	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive's	15	80	0	95	1,626	0	0	1,721
Adult Social Care	112,366	69	(34,857)	77,578	4,633	0	0	82,211
Children's Services (inc. Dedicated Schools Grant)	82,470	2,863	75	85,408	12,990	0	4,861	103,259
Health and Wellbeing (including Public Health Grant)	3,480	(706)	0	2,774	742	0	0	3,516
Finance and Legal Services	5,857	(258)	0	5,599	2,142	0	0	7,741
Digital, Commercial & Customer Services	5,455	(741)	0	4,714	1,766	0	0	6,480
Housing Revenue Account (HRA)	440	(2,184)	(7,914)	(9,658)	8,591	(11,726)	0	(12,793)
Housing and Community	2,218	(167)	0	2,051	562	0	0	2,613
Environment	53,499	(760)	0	52,739	4,076	0	0	56,815
Regeneration & Enterprise	31,990	189	0	32,179	3,998	0	0	36,177
Corporate & Treasury	(4,678)	(1,515)	677	(5,516)	11,511	(10,984)	(560)	(5,549)
Net Cost of Services	293,112	(3,130)	(42,019)	247,963	52,637	(22,710)	4,301	282,191
Other Income & Expenditure	(287,262)	8,498	42,019	(236,745)	0	0	736	(236,009)
(Surplus) or deficit on provision of services	5,850	5,368	0	11,218	52,637	(22,710)	5,037	46,182
Opening General Fund and HRA Balance				81,479				
Add surplus on General Fund & HRA Balance in Year (above)				(11,218)				
Closing General Fund and HRA Balance				70,261				

	As reported for resource management	Exclude transfers to/from earmarked General Fund Reserves (note A)	Adjustments in respect of "Other Income and Expenditure" (note B)	Net Expenditure Chargeable to the General Fund and HRA balances	Pension adjustments between Funding and Accounting Basis (note C)	Capital adjustments between Funding and Accounting Basis (note D)	Other adjustments between Funding and Accounting Basis (note E)	Net Expenditure in the CIES
2021/22 - Restated	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive's	(430)	(160)	0	(590)	1,957	0	0	1,367
Adult Social Care	102,874	279	(28,842)	74,311	5,860	0	0	80,171
Children's Services (inc. Dedicated Schools Grant)	79,136	(27)	(1)	79,108	15,767	0	6,695	101,570
Health and Wellbeing (including Public Health Grant)	2,703	3,405	0	6,108	933	0	0	7,041
Finance and Legal Services	4,852	(6)	0	4,846	2,613	0	0	7,459
Digital, Commercial & Customer Services	4,608	170	0	4,778	2,221	0	0	6,999
Housing Revenue Account (HRA)	(645)	0	(11,340)	(11,985)	9,782	(25,830)	0	(28,033)
Housing and Community	1,988	(823)	0	1,165	674	0	0	1,839
Environment	51,701	4	0	51,705	5,060	0	0	56,765
Regeneration & Enterprise	23,803	(1,330)	0	22,473	4,661	0	0	27,134
Corporate & Treasury	(3,861)	0	(3,736)	(7,597)	13,481	(7,019)	(677)	(1,812)
Net Cost of Services	266,729	1,512	(43,919)	224,322	63,009	(32,849)	6,018	260,500
Other Income & Expenditure	(265,677)	33,070	43,919	(188,688)	0	0	(38,398)	(227,086)
(Surplus) or deficit on provision of services	1,052	34,582	0	35,634	63,009	(32,849)	(32,380)	33,414
Opening General Fund and HRA Balance				117,113				
Add surplus on General Fund and HRA Balance in Year (above)				(35,634)				
Closing General Fund and HRA Balance				81,479				

-
- Note A** For resource management purposes, the authority includes in directorate reporting transfers to/from General Fund earmarked reserves. However, these need to be removed as they do not form part of net expenditure chargeable to the General Fund and HRA balances, being movements within those balances.
- Note B** For resource management purposes, the authority includes items within directorate reporting that the code requires to be shown separately from service expenditure in the financial statements, in particular levies, losses on disposal of non-current assets, financing and investment income and expenditure, and some items of non-specific grant income. Likewise, some grant income is not included within directorate reporting but is required by the code to be included in service expenditure in the financial statements, these items therefore need to be reallocated.
- Note C** This reflects the adjustment of pension contributions and payments from amounts charged by statute (reflected in directorate reporting) to those calculated on an IAS19 basis in the CIES as required by the code.
- Note D** For resource management purposes, the authority includes in directorate reporting the following items: revenue expenditure capitalisable by regulation, depreciation, certain revaluation items, losses on disposal of non-current assets, and receipt of capital grants – together with the related adjustments which by statute largely prevent them from having an impact on the General Fund and HRA Balance. This column removes those adjustments as they are not included in the CIES, along with capital expenditure charged to the General Fund and HRA balance which the authority includes in directorate reporting but is likewise not included in the CIES.
- Note E** This column reflects timing differences between statutory accounting (reflected in directorate reporting) and code requirements for: premiums and discounts on past debt restructuring; income in respect of Business Rates and Council Tax; staff remuneration in respect of absences.

Note 6: Expenditure and Income analysed by nature

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

	2022/23	2021/22
	£'000	£'000
Expenditure		
Employee Expenses	369,079	367,543
Depreciation and Amortisation	48,396	48,973
Interest Payments	24,018	24,517
Other Operating Expenses	426,563	386,080
Support Service Recharges	47,831	43,466
Recovery of support service recharges	(47,831)	(43,466)
Total Operating Expenditure	868,056	827,113
Income		
Fees Charges & Other Service Income	(190,850)	(177,801)
Income from Council Tax and non-domestic rates	(209,950)	(201,014)
Government Grants	(421,077)	(414,886)
Total Income	(821,877)	(793,701)

Revenue From Contracts with Service Recipients

For revenue from fees, charges and other service income the transaction price is calculated in accordance with legislation and reflects the Council's legal ability to recover costs from the service recipients.

The Council typically satisfies its performance obligations upon delivery of goods or services to recipients. Standard payment terms are 30 days for services where invoices are raised e.g., Bereavement fees or immediate where payment is made at which the goods or service is received e.g., admission to events. Contracts do not typically contain financing components and the consideration received is not variable.

Revenue is recognised either over time or at a point in time. Revenue recognised over time is measured using the input method, based on costs incurred or resources consumed as applicable to individual contracts. Revenue is recognised at a point in time when the service recipient obtains control of the promised goods or services from the Council.

For most goods and services provided by the Council payment is made at the point of provision or when an invoice is raised to the service recipient. Services where payment is made in advance of receipt are recognised as contract liabilities, these include:

- Planning and Building Control Fees
- Advance ticket sales for performances at Town Halls
- Licensing

For Planning and Building Control Fees income is recognised in the CIES when the application is approved, or the inspection regime is completed. For advance ticket sales, income is recognised when the show has been performed and for Licensing income is recognised as licences are issued and enforcement activity is carried out. The contract liability is reduced as income is recognised in the CIES.

Where the right of the Council to income is conditional on the provision of further goods or services to the customer, such income would be recorded as a contract asset or inventory. This is applicable to income relating to houses built for sale by the Council. Costs are recognised as goods or services are provided to customers. At year end where goods or services are not complete, the cost is de-recognised in the CIES and recorded as a contract asset or inventory on the balance sheet.

Note 7: Segmental Reporting

Income received from external customers (excluding grants) and depreciation and amortisation are analysed on a segmental basis below:

	2022/23 £'000	2022/23 £'000	2021/22 £'000	2021/22 £'000
	Income	Expenditure	Income	Expenditure
	Fees, Charges & Other Service Income	Depreciation & amortisation	Restated Fees, Charges & Other Service Income	Restated Depreciation & amortisation
Chief Executive's	(1,722)	3	(1,884)	3
Adult Social Care	(29,495)	591	(25,862)	881
Children's Services (inc. Dedicated Schools Grant)	(16,267)	6,607	(12,588)	6,409
Health and Wellbeing (including Public Health Grant)	(1,574)	0	(750)	0
Finance and Legal Services	(2,889)	0	(3,085)	0
Digital, Commercial & Customer Services	(1,231)	1,366	(982)	1,501
Housing Revenue Account (HRA)	(106,766)	24,076	(104,396)	24,884
Housing and Community	(174)	0	(172)	0
Environment	(9,351)	12,087	(8,364)	11,716
Regeneration & Enterprise	(18,658)	3,666	(17,803)	3,579
Corporate & Treasury	(2,723)	0	(1,915)	0
Income/Expenditure analysed on a segmental basis	(190,850)	48,396	(177,801)	48,973

N.B. The HRA income is mainly rents from council dwellings. The 2021/22 figures have been restated to reflect the structure that was adopted in 2022/23 in line with the CIES.

Note 8: Combinations of Public Bodies

Four schools converted to academy status in 2022/23. Converting to academy status takes them entirely out of the local authority accounts from the date of conversion, but as they remain part of public provision the proposed change is reported as a combination of public bodies rather than as a discontinued operation.

The land and buildings of this school were on the Council balance sheet and these have been written out as losses on disposal as follows:

School	New Status	Date of Change	Value of Land and Buildings to be written out of Council Balance Sheet £'000
Church of the Ascension	Academy	01/11/2022	3,341
Christchurch	Academy	01/02/2023	0 *
Pedmore Church of England	Academy	01/11/2022	0 *
St Mary's	Academy	01/02/2023	0 *
Total			3,341

* These three schools were already off the Council's balance sheet before conversion.

Note 9: Members' Allowances

	2022/23	2021/22
	£'000	£'000
Basic Allowance	820	757
Responsibility Allowance	393	332
Mayor and Deputy Mayor	31	28
Total	1,244	1,117

Note 10: Officers' Remuneration

The Accounts and Audit Regulations 2015 require additional disclosure of remuneration of senior employees in local authority accounts.

The table below gives the required details. In compliance with legislation, those with salary over £150,000 per annum are named; others are listed by post only.

Post		Note	Salary, Fees & Allowances £000's	Contractor Agency Payments £000's	Termination Payments £000's	Pension Contributions £000's	Total remuneration £000's
Chief Executive (K O'Keefe)	2022-23		185			38	223
Chief Executive (K O'Keefe)	2021-22		185			38	223
Deputy Chief Executive (B Heran)	2022-23		155			32	187
Deputy Chief Executive (B Heran)	2021-22		153			32	185
Director of Adult Social Care	2022-23		139			29	168
Director of Adult Social Care	2021-22		138			29	167
Director of Children's Services	2022-23		144			30	174
Director of Children's Services	2021-22		142			29	171
Director of Public Health and Wellbeing	2022-23		85			18	103
Acting Director of Public Health and Wellbeing	2022-23	2	120			25	145
Director of Public Health and Wellbeing	2021-22		111			23	134
Director of Finance and Legal	2022-23		113			23	136
Director of Finance and Legal	2021-22		112			23	135
Lead for Law & Governance	2022-23		90			19	109
Lead for Law & Governance	2021-22		89			18	107
Assistant Director People & Inclusion	2022-23	1	105			22	127
Head of Human Resources & Organisational Development	2021-22		79			16	95
Head of Communications & Public Affairs	2022-23		77			16	93
Head of Communications & Public Affairs	2021-22		66			14	80
Head of Chief Executive's Office	2022-23	3	52			11	63

Note 1 - Position changed from 06/03/2022

Note 2 - Acting Up position from 07/03/2022

Note 3 - New post from 2022/23

The number of officers whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

Payroll Bands	2022/23	2022/23	2022/23	2021/22	2021/22	2021/22
	Schools Number	Non-Schools Number	Total	Schools Number	Non-Schools Number	Total
£50,000 - £54,999	53	121	174	47	105	152
£55,000 - £59,999	37	51	88	31	36	67
£60,000 - £64,999	27	20	47	25	14	39
£65,000 - £69,999	15	10	25	20	7	27
£70,000 - £74,999	25	12	37	21	11	32
£75,000 - £79,999	11	5	16	4	4	8
£80,000 - £84,999	1	4	5	5	2	7
£85,000 - £89,999	4	3	7	4	2	6
£90,000 - £94,999	3	0	3	2	1	3
£95,000 - £99,999	3	1	4	2	2	4
£100,000 - £104,999	1	2	3	1	3	4
£105,000 - £109,999	1	0	1	0	0	0
£110,000 - £114,999	0	0	0	0	0	0
£115,000 - £119,999	0	0	0	0	0	0
£120,000 - £124,999	0	0	0	0	0	0
£125,000 - £129,999	0	0	0	0	0	0
Total	181	229	410	162	187	349

These numbers exclude the senior employees listed in the previous table, and staff whose contract of employment is not with the Council, i.e., staff at foundation and voluntary aided schools. The figures include staff who received payments in addition to normal remuneration. In 2022/23 this applied to 3 officers (2021/22 = 6).

The contracts of a number of employees have been terminated, or planned to be terminated, in 2022/23. As a result, it incurred anticipated liabilities of £0.458m for redundancy payments and £0.251m for capitalised pension costs.

Redundancy payments agreed but not actually paid before 31st March 2023 have been accrued as creditors. Pension costs have been accounted for in accordance with normal pension arrangements.

The table below sets out the numbers of such exit packages (including those for staff at foundation and voluntary aided schools) with total cost per band and total cost of the compulsory and other redundancies:

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
							£'000	£'000
£ 0 - £ 20,000	14	15	22	17	36	32	212	282
£ 20,001 - £ 40,000	5	6	4	4	9	10	240	236
£ 40,001 - £ 60,000	0	0	0	3	0	3	0	127
£ 60,001 - £ 80,000	1	1	1	0	2	1	130	79
£ 80,001 - £100,000	0	2	0	0	0	2	0	184
£100,001 +	1	1	0	0	1	1	127	114
Total	21	25	27	24	48	49	709	1,022

Note 11: Pension Schemes Accounted for as Defined Contribution Schemes

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

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

In 2022/23, the council paid £13.287m to Teachers' Pensions in respect of the teachers' retirement benefits, based on a contribution rate of 23.68%. (The figures for 2021/22 were £13.001m (with a rate of 23.68%). The payment in 2023/24 is anticipated to be £12.963m based on a contribution rate of 23.68%.

Similar arrangements exist for former NHS staff who transferred to Dudley with the Public Health function. In 2022/23, the council paid monthly contributions totalling £0.149m to NHS Pensions Scheme, based on a contribution rate of 14.38% including 0.08% for the employer levy. However, the total employer's contribution rate was 20.68% with the Department for Health and Social Care (DHSC) contributing 3.8% and the Council contributing 2.5% via invoice. In 2022/23 this equated to an additional contribution from the Council of £0.026m. Therefore, the total paid by the Council in 2022/23 was £0.175m. (This arrangement existed from July 2019, the Council's total contribution for 2021/22 was £0.192m with £0.028m being the additional 2.5% contribution). The payment in 2023/4 is anticipated to be £0.158m at 14.38% of pensionable pay (with the same arrangement for DHSC contributing 3.8% of pensionable pay directly to NHS Pensions) plus a further £0.027m for the additional 2.5% contribution.

The council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in [Note 28](#), under the unfunded scheme.

Note 12: External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts and certification of grant claims provided by the Council's external auditors, Grant Thornton:

	2022/23	2021/22
	£'000	£'000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	196	186
Fees payable in respect of other services provided by Grant Thornton during the year	45	31
Total	241	217

Note 13: Use of Dedicated Schools Grant

The council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). DSG is a ring-fenced grant, and it must be used in support of the schools budget as defined in the School and Early Years Finance (England) Regulations 2021. The schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2022/23 are as follows:

2022/23	Central expenditure	Individual schools budget	Total
	£'000	£'000	£'000
Final DSG for 2022/23 before academy and high needs recoupment			304,241
Academy and high needs figure recouped for 2022/23			135,371
Total DSG after academy and high needs recoupment for 2022/23			168,870
Plus: Brought forward from 2021/22			0
Less: Carry-forward to 2023/24 agreed in advance			0
Agreed initial budgeted distribution in 2022/23	43,465	125,405	168,870
In year adjustments	(963)	572	(391)
Final budget distribution for 2022/23	42,502	125,977	168,479
Less: Actual central expenditure	47,363		47,363
Less: Actual ISB deployed to schools		125,977	125,977
Plus: Local authority contribution for 2022/23	0	0	0
In Year Carry-forward to 2023/24	(4,861)	0	(4,861)
Plus/(Minus): Carry-forward to 2023/24 agreed in advance			0
Carry-forward to 2023/24			0
DSG unusable reserve at the end of 2021/22			(17,219)
Addition to DSG unusable reserve at the end of 2021/22			(4,861)
Total of DSG unusable reserve at the end of 2022/23			(22,080)
Net DSG position at the end of 2022/23			(22,080)

The final Early Years Block adjustment has been calculated based on January 2023 census data only (to support the period January to March 2023) on the basis that this is in line with prior year methodology. This has been included within the in-year adjustments category, in line with the CIPFA Code of Practice.

Details of the deployment of DSG receivable for 2021/22 are as follows:

2021/22	Central expenditure	Individual schools budget	Total
	£'000	£'000	£'000
Final DSG for 2021/22 before academy and high needs recoupment			289,373
Academy and high needs figure recouped for 2021/22			129,318
Total DSG after academy and high needs recoupment for 2021/22			160,055
Plus: Brought forward from 2020/21			0
Less: Carry-forward to 2022/23 agreed in advance			0
Agreed initial budgeted distribution in 2021/22	35,398	124,656	160,055
In year adjustments	470	(321)	149
Final budget distribution for 2021/22	35,868	124,335	160,204
Less: Actual central expenditure	42,563		42,563
Less: Actual ISB deployed to schools		124,335	124,335
Plus: Local authority contribution for 2021/22	0	0	0
In Year Carry-forward to 2022/23	(6,695)	0	(6,695)
Plus/(Minus): Carry-forward to 2022/23 agreed in advance			0
Carry-forward to 2022/23			0
DSG unusable reserve at the end of 2020/21			(10,524)
Addition to DSG unusable reserve at the end of 2021/22			(6,695)
Total of DSG unusable reserve at the end of 2021/22			(17,219)
Net DSG position at the end of 2021/22			(17,219)

Note 14: Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2022/23:

Credited to Taxation and Non Specific Grant Income:	2022/23	2021/22
	£'000	£'000
New Homes Bonus	479	571
P.F.I. Credit	1,986	1,986
Levy Account Support Grant	578	0
Local Services Support Grant	0	0
Services Delivery Grant	4,748	0
Business Rates Grant	26,995	27,144
Covid Additional Funding Grant	0	8,815
Local Council Tax Support	0	2,992
Covid Sales Fees and Charges Grant	0	1,240
Covid Tax Income Guarantee	0	(3)
Lower Tier	421	392
Total Revenue Grants	35,206	43,136
Department for Education	14,247	7,524
Department for Transport	0	238
Department for Levelling Up , Housing and Communities	9,895	15,505
Homes England	6,156	3,617
Transport for West Midlands	7,673	6,100
Lottery	5	612
European Regional Development Fund	2,570	3,451
Department for Business, Energy & Industrial Strategy	652	1,006
Other Grants and Contributions	680	1,216
Total Capital Grants and Contributions	41,878	39,268
Total Revenue & Capital Grants, Contributions & Donations credited to Taxation and Non Specific Grant Income	77,084	82,404
Credited to Services:	2022/23	2021/22
	£'000	£'000
Department for Education and Education & Skills Funding Agency	187,066	175,425
Department for Works and Pensions	56,667	56,739
Department of Health & Social Care	25,469	28,102
Better Care Fund	33,550	32,164
Department for Levelling Up Housing & Communities	32,164	25,308
European Social Fund	3,157	4,036
Home Office	1,459	940
Transport for West Midlands	761	0
Clinical Commissioning Group	11,817	10,092
Local Authorities	1,060	1,025
Department for Business, Energy & Industrial Strategy	35	8,732
Other Grants and Contributions	4,571	3,539
Total Revenue Grants & Contributions credited to services	357,777	346,102

The Council has received some grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that would require the monies or property to be returned to the giver if the condition were not complied with. The balances at the year-end are as follows:

	31-Mar-23	31-Mar-22
	£'000	£'000
Capital Grants Receipts in Advance:		
Children's services grants (current liabilities)	0	0
Children's services grants (long term liabilities)	3,784	760
	3,784	760

	31-Mar-23	31-Mar-22
	£'000	£'000
Revenue Grants Receipts in Advance:		
Adult Learning academic year grants	517	477
	517	477

Note 15: Related Parties

The Council is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows the 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.

Members and Officers of the Authority

A register of Members' pecuniary and non-pecuniary interests is held and is available to view on the Council's website. In respect of the 2022/23 financial year, works and services were commissioned from organisations and companies in which Members, Senior Officers and key personnel of the Authority had an interest by way of ownership, or as a director, trustee, governor, partner, or member.

The table below shows the organisations to which the Council made significant payments in the year (not including precept payments) and where a member had an interest. We have included items which have been considered material by nature from both the perspective of the authority and the related party concerned.

Related Party	Nature of Interest	Income	Expenditure	Creditors	Debtors
		£'000	£'000	£'000	£'000
Dudley Zoological Gardens	Two Councillors - 1 Directors, 1 Trustee of the Zoo	38	167	0	0
Castle & Crystal Credit Union	A Councillor is a board member of Castle & Crystal Credit Union	196	52	0	2
Black Country Consortium Ltd	A Councillor is a Director	0	273	0	7

There were no material payments to organisations where a senior officer or member of key personnel had an interest.

West Midlands Combined Authority and West Midlands Fire and Rescue Authority are identified as related parties defined as “Other Public Bodies” and transactions are also disclosed in the table below.

It may be noted that all members’ financial and other interests which could conflict with those of the Council are open to public inspection as required by section 81(1) of the Local Government Act 2000 and the Local Authorities (Model Code of Conduct) (England) Order 2001.

Central Government

The UK Government is a related party to Dudley Metropolitan Borough Council and exerts significant influence through legislation and grant funding.

Other Public Bodies

The following material transactions with other public bodies, under common government control, took place during the year:

		£'000	£'000
West Midlands Combined Authority	Transport Levy	12,831	0
West Midlands Combined Authority	Income/Expenditure	607	159
West Midlands Police and Crime Commissioner	Precept (and share of Council Tax deficit)	17,622	0
West Midlands Police and Crime Commissioner	Income/Expenditure	7	0
West Midlands Fire and Rescue Services	Precept, Business Rate share and share of Council tax deficit	7,155	0
West Midlands Fire and Rescue Services	Income/Expenditure	2	0
NHS	Income/Expenditure	11,139	8,318

Related companies and trust funds are disclosed separately, related companies in Note 39 and trust funds in Note 40.

Balance Sheet Notes

Note 16: Usable Reserves

This note shows out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans. It also sets out the school reserves that are committed to be spent in the education service and are not available to the council for general use, and unapplied capital grants and capital receipts that can be used only for specified purposes, mainly capital expenditure.

	Balance at 31 March 2023	Movements In/(Out) 2022-23	Balance at 31 March 2022	Movements In/(Out) 2021-22	Balance at 31 March 2021
	£'000	£'000	£'000	£'000	£'000
General Fund Balance	21,752	(5,410)	27,162	(1,697)	28,859
Business Rates and Council Tax Grants	5,696	(8,498)	14,194	(33,070)	47,264
Insurance	5,857	448	5,409	(250)	5,659
Public Health	5,867	790	5,077	309	4,768
Covid Grants	100	(390)	490	(3,850)	4,340
DGfL & Paragon Equalisation	3,038	(266)	3,304	64	3,240
Schools Community and Extended Use	1,932	(66)	1,998	198	1,800
Social Care ICT	500	(25)	525	(460)	985
Other Social Care	422	372	50	(230)	280
Transformation	0	0	0	0	0
Other Earmarked reserves	6,654	2,621	4,033	1,376	2,657
Revenue Grants unspent	3,141	36	3,105	1,751	1,354
Total Earmarked General Fund Reserves	33,207	(4,978)	38,185	(34,162)	72,347
LMS Reserves including Foundation Schools	7,593	(2,572)	10,165	(420)	10,585
Total Schools Reserves	7,593	(2,572)	10,165	(420)	10,585
HRA General Reserve	5,122	862	4,260	646	3,614
HRA Earmarked Reserves	2,587	881	1,706	0	1,706
Total HRA Revenue Reserves	7,709	1,743	5,966	646	5,320
Major Repairs Reserve	0	0	0	0	0
Total HRA Reserves	7,709	1,743	5,966	646	5,320
Capital Grants Unapplied Reserve	6,326	5,354	972	(169)	1,141
Usable Capital Receipts Reserve	16,551	(7,003)	23,554	3,928	19,626
Total Usable Reserves	93,138	(12,866)	106,004	(31,874)	137,878

The Business Rates and Council Tax Grants reserve carries forward:

- grant funding towards various reliefs (including Covid related retail relief).
- grant funding towards reductions in Business Rates and Council Tax income resulting from the Covid pandemic.

to offset the impact of those reliefs and reductions when charged to the General Fund in future years as a result of statutory Business Rate accounting arrangements.

The Insurance reserve is maintained at a level consistent with the insurable risks borne by the Council, including those residual risks relating to the Council's interest in Municipal Mutual Insurance (MMI) and will fluctuate accordingly.

The Public Health Grant carries forward mainly ring-fenced funding pursuant to the Council's Public Health functions.

The DGfL (Dudley Grid for Learning) and Paragon equalisation reserves represent Government revenue support for these PFI schemes received early in the projects, which will be expended over their remaining life.

Schools Community and Extended Use – Credit balances arising from provision of services, carried forward to support activity in future years.

The Social Care ICT Reserve contributes to replacement of the Social Care ICT system to address performance issues including those identified as part of the OFSTED inspection of Children's Services.

The Other Social Care reserve is earmarked for activity relating to the Transforming Care Programme.

Other earmarked reserves are resources to spend on various Council initiatives including Regeneration, OFSTED improvements and Community Forums.

The Revenue grants unspent includes balances earmarked for a number of specific projects including IMPACT, Homelessness, Domestic Abuse and Troubled Families.

The Scheme for Financing Schools - These relate to preserved funds of schools for use in future years, under the terms of Dudley's budget delegation scheme. Of the net balance of £7.593m as at 31st March 2023, £7.984m relates to credit, and £0.391m to debit (overdrawn) balances.

Dedicated Schools Grant (DSG) – The cumulative deficit to be recovered in future years is now carried forward in the Dedicated Schools Grant Adjustment Account in line with new statutory accounting arrangements. See [Note 13](#) and [Note 26](#).

Note 17: Property, Plant and Equipment and Intangible Assets**Movements in 2022/23 (Property, Plant and Equipment):**

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000
Cost or Valuation							
At 1 April 2022	994,447	453,495	81,069	8,678	4,242	19,331	1,561,262
Reclassifications	632	19,421		1,078	(461)	(21,965)	(1,295)
Additions - Capital spend	50,474	9,902	5,169	382	8	11,935	77,870
Revaluation increases or (decreases) recognised in the Revaluation Reserve	55,878	34,576					90,454
Revaluation increases or (decreases) recognised in the Surplus/Deficit on the Provision of Services		(15,347)					(15,347)
Derecognition - disposals	(9,408)	(3,341)	(17,212)				(29,961)
At 31 March 2023	1,092,023	498,706	69,026	10,138	3,789	9,301	1,682,983
Accumulated Depreciation and Impairment							
At 1 April 2022	0	(9,101)	(55,220)	(3,164)	0	0	(67,485)
Reclassifications		63					63
Depreciation Charge	(23,952)	(9,912)	(4,441)	(81)			(38,386)
Depreciation written out to the revaluation reserve	23,952	9,155					33,107
Depreciation written out to the surplus/deficit on the Provision of Services		1,486					1,486
Derecognition - disposals		69	17,179				17,248
At 31 March 2023	0	(8,240)	(42,482)	(3,245)	0	0	(53,967)
Net Book Value at 31 March 2023	1,092,023	490,466	26,544	6,893	3,789	9,301	1,629,016
Net Book Value at 31 March 2022	994,447	444,394	25,849	5,514	4,242	19,331	1,493,777

Movements in 2021/22 (Property, Plant and Equipment):

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000
Cost or Valuation							
At 1 April 2021	949,348	438,646	72,684	8,007	3,279	29,650	59,832
Reclassifications	8,495	16,803	5,450	162	4,558	(36,590)	(1,122)
Additions - Capital spend	33,592	18,500	4,148	509	0	26,271	83,020
Revaluation increases or (decreases) recognised in the Revaluation Reserve	7,523	(1,943)			(2,983)		2,597
Revaluation increases or (decreases) recognised in the Surplus/Deficit on the Provision of Services	5,816	(15,448)			(612)		(10,244)
Derecognition - disposals	(10,327)	(3,063)	(1,213)				(14,603)
At 31 March 2022	994,447	453,495	81,069	8,678	4,242	19,331	1,561,262
Accumulated Depreciation and Impairment							
At 1 April 2021	0	(11,247)	(52,254)	(3,077)	0	0	(907)
Reclassifications		238			(238)		0
Depreciation Charge	(24,718)	(10,397)	(4,179)	(87)			(39,381)
Depreciation written out to the revaluation reserve	13,942	8,416			238		22,596
Depreciation written out to the surplus/deficit on the Provision of Services	10,776	3,819					14,595
Derecognition - disposals		70	1,213				1,283
At 31 March 2022	0	(9,101)	(55,220)	(3,164)	0	0	(67,485)
Net Book Value at 31 March 2022	994,447	444,394	25,849	5,514	4,242	19,331	1,493,777
Net Book Value at 31 March 2021	949,348	427,399	20,430	4,930	3,279	29,650	1,435,036

Depreciation

Assets are depreciated as per the Accounting Policies note.

Effects of Changes in Estimates

There were no significant changes in accounting estimates used in calculating current values of properties.

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. All the valuations were carried out by an external valuer (Bruton Knowles). Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. All revaluations were carried out as at 31st March 2023.

Council dwellings were revalued by an external valuer (Savills) as at 31st March 2023 in line with the requirement for regular external valuations set out in the MHCLG Stock Valuation for Resource Accounting – Guidance for Valuers 2016. The valuations use the beacon approach to valuation, which is recommended by MHCLG as being most suitable for this purpose and allowing greater consistency and comparison between local authorities.

Short-lived assets such as vehicles are carried at depreciated historic cost as a proxy for current value. Community Assets (e.g., parks) and Infrastructure Assets (e.g., roads) have not been valued, but are included at historic cost, net of depreciation, in accordance with the Accounting Code of Practice.

The significant assumptions applied in estimating the current values

For specialised property, or assets for which there is little or no market evidence of value, and which therefore have been valued based on Depreciated Replacement Cost (DRC), it is assumed that there will be continuing occupation.

No account has been taken of flooding the market, each property or group of properties being assumed to stand alone.

Where properties have been valued based on DRC, or for redevelopment purposes, it is assumed that the location of services and ground conditions would not adversely affect the layout of buildings, that all relevant services are of adequate capacity and proximate, and that all necessary consents and approvals would be forthcoming.

Components

Where identifiable and significant components of a building have a shorter life than the building itself, they should be depreciated separately, to ensure that the annual charge to revenue fully reflects the use of the building. In Dudley, the overall difference between asset lives and actual replacement periods is such that there would not be a significant effect on the accounts if components were separately depreciated. Therefore, it has been decided to consider componentisation on the largest assets only.

Dates of Valuation of Properties within Plant, Property and Equipment

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles Plant and Equipment £'000	Surplus Assets £'000	Total £'000
Carried at Depreciated Historical Cost			26,544		26,544
Valued at current value as at:					
31st March 2023	1,092,023	468,700			1,560,723
31st March 2022		13,342		3,789	17,131
31st March 2021		6,878			6,878
31st December 2019		818			818
1st April 2018		728			728
Total Cost or Valuation	1,092,023	490,466	26,544	3,789	1,612,822

Intangible Assets

Expenditure and other movements in Intangible Assets are as follows:

	2022/23 £'000	2021/22 £'000
Opening Balance	740	840
Additions in year	55	26
De-recognition - disposals	0	0
Amortisation in year	(130)	(126)
Closing Balance	665	740

Infrastructure Assets

Movements on Balances

	2022/23 £'000	2021/22 £'000
Net book value (Modified Historical Cost) at 1st April	219,639	215,290
Additions	12,403	13,652
Derecognition	0	0
Depreciation	(9,881)	(9,466)
Impairment	0	0
Other movements in cost	0	163
Net Book Value at 31st March	222,161	219,639

Infrastructure assets are included within Plant, Property and Equipment (PPE) on the Balance Sheet (along with the other PPE assets at the start of this note). In order to reconcile between the balance sheet and this note a short summary has been added below:

	31st March 2023	31st March 2022
	£'000	£'000
Infrastructure Assets	222,161	219,639
Other PPE Assets	1,629,016	1,493,777
Total PPE assets on face of balance sheet	1,851,177	1,713,416

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 because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position (as rather than manually derecognising 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.

Note 18: Heritage Assets

The Council's Heritage Assets are held in support of the objectives of increasing knowledge, understanding and appreciation of the Borough's history and the local area. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant, and equipment however some measurement rules are relaxed (accounting policy 22).

Movements in 2022/23

	Assets at Valuation	Assets at Cost	Total Heritage Assets
	£'000	£'000	£'000
At 1st April 2022	18,922	4,942	23,864
Revaluation increases or (decreases) recognised in the Revaluation Reserve	501		501
Revaluation increases or (decreases) recognised in the Surplus/Deficit on the Provision of Services			0
Additions	0	0	0
At 31st March 2023	19,423	4,942	24,365

Movements in 2021/22

	Assets at Valuation	Assets at Cost	Total Heritage Assets
	£'000	£'000	£'000
At 1st April 2021	18,922	4,892	23,814
Revaluation increases or (decreases) recognised in the Revaluation Reserve	0	0	0
Revaluation increases or (decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0
Additions	0	0	0
Transfer in from Surplus Assets	0	50	50
At 31st March 2022	18,922	4,942	23,864

Note 19: Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The following categories of financial instrument are carried in the Balance Sheet:

	Non-Current		Current	
	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000
Fair value through other comprehensive income - designated equity instruments				
Birmingham Airport Shares (Note 39)	32,302	16,788	0	0
Investments at Amortised Cost				
Loans to Other Local Authorities	0	0	0	0
Deposits with Debt Management Office	0	0	9,400	0
Bank Deposits	0	0	35	35
Cash & Cash Equivalents (Note 22)	0	0	(3,050)	4,692
Non-Statutory Debtors at Amortised cost				
Soft Loans *	320	360	0	
Other Long Term Non-Statutory Debtors **	11,926	10,869	0	
Short term Non-Statutory Debtors	0	0	44,737	38,138
Total Financial Assets	44,548	28,017	51,122	42,865
Financial Liabilities at Amortised Cost				
Borrowings				
Dudley PWLB loans	590,707	506,315	15,608	11,000
Dudley Market loans	17,507	30,022	12,548	46,048
Ex WMCC PWLB loans	37,457	55,541	18,084	17,093
Ex WMCC Market loans	10,000	10,000	1,500	4,000
Dudley Accrued Interest	0	0	3,746	3,698
Ex WMCC Accrued Interest	0	0	476	573
Dudley Premiums Adjusting Carrying Value	(504)	(539)	0	0
Ex WMCC Premiums Adjusting Carrying Value	(22)	(191)	0	0
Total Borrowings	655,145	601,148	51,962	82,412
Deferred Liabilities				
PFI Liabilities (Note 38)	6,361	6,896	534	2,334
Finance Lease Liabilities (Note 37)	4,749	4,968	219	203
Total Deferred Liabilities	11,110	11,864	753	2,537
Non-Statutory Creditors	0	0	59,105	82,312
Total Financial Liabilities	666,255	613,012	111,821	167,261

* A Soft Loan of £400k, at nil interest repayable over 10 years, was made to Dudley Zoo to fund the construction of a car park in 2020/21.

** Other Long-Term Debtors are mainly home improvement loans from the Kickstart scheme (£3.059m), a finance lease for the Travelodge hotel (£3.488m) and loans to academy schools for unequal pay claims (£2.535m). Also the Council issued a long-term loan to Black Country Innovation and Manufacturing Organisation (BCIMO) of (£1.323m).

Investments

The council invests its day-to-day cash balances in order to generate income by earning interest. At 31st March 2023, £1.559m of such balances were held in call accounts, which are classed as cash equivalents.

The Council's shareholding investment in Birmingham Airport cost £7.675m. The latest valuation on the basis of earnings is £32.302 million for Dudley's 5.58% ordinary shareholding and 11.39% preference shareholding. This shareholding is a long-term strategic investment held by the Council to support the wider provision of local and regional public services, and to receive regular dividend income, rather than for capital growth or to sell. Therefore, the Council has elected to take up the option to designate the shareholding as an equity instrument at fair value through other comprehensive income as this is more likely to present a true and fair view of its financial performance, than presenting changes in fair value in the surplus or deficit on provision of services. Ordinary dividends received in 2022/23 were £0.0m (2021/22= £0m) and preference dividends were £0.110m in 2022-23 (2021/22 =£0.110m). There was a gain of £15.514m in 2022-23 in the fair value which was written on the Financial Instruments Revaluation Reserve.

Borrowings

This table shows the source of long-term borrowing and short-term borrowing including debt formerly held by the West Midlands County Council (WMCC), to be serviced by the West Midlands Borough Councils and Joint Boards, under the terms of the Local Government Reorganisation (Debt Administration) (West Midlands) Order 1986 which designated Dudley as being responsible for the administration of the debt.

All these items are financial liabilities held at amortised cost; the balance sheet figures include amounts relating to premiums occasioned by restructuring of debt. Maturity loans repayable within 12 months and principal on annuity loans repayable within 12 months are classed as short-term borrowing. The table above shows the underlying borrowing, and separately the amounts relating to premiums.

Income, Expense, Gains and Losses

Interest income and expense is disclosed in [Note 3](#), and gains on revaluation of assets held at FVOCI on the face of the CIES.

Fair Values

The fair value of assets and liabilities (at balance sheet dates) is shown in the table below. Fair value (i.e., reflecting market values) is defined as the value at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction. It reflects changes in expectation of interest rates. The fair values of the Public Works Loan Board loans have been valued by discounting at rates for new certainty rate loans at 31st March. Other long-term loans and investments have been discounted at the market rates for similar instruments on 31 March.

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value. The fair values for short-term trade receivables and payables are not included in the table as the carrying amounts are a reasonable approximation of their fair values.

Fair Value of Assets & Liabilities

Assets	31 March 2023		31 March 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Fair value through other comprehensive income - designated equity instruments				
Birmingham Airport Shares	32,302	32,302	16,788	16,788
Amortised Cost				
Long term loans to other local authorities	0	0	0	0
Short term loans to other local authorities	0	0	0	0
Deposits with the Debt Management Office	9,400	9,400	0	0
Bank Deposits	35	35	35	35
Cash & Cash Equivalents	(3,050)	(3,050)	4,692	4,692
Long Term Non-Statutory Debtors	12,246	12,246	11,229	11,229
Total Assets	50,933	50,933	32,744	32,744

Liabilities	31 March 2023		31 March 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Amortised Cost				
Dudley Public Works Loan Board	606,315	556,360	517,315	635,038
Dudley Other debt	30,055	29,502	76,070	79,657
Ex WMCC Public Works Loan Board	55,541	55,952	72,634	77,335
Ex WMCC other debt	11,500	11,542	14,000	14,921
PFI Scheme Liabilities	6,896	7,302	9,230	10,784
Finance Lease Payables	4,967	6,704	5,171	7,690
Total Liabilities	715,274	667,362	694,420	825,425

Some of the Council's financial assets are measured in the Balance Sheet at fair value on a recurring basis and are described in the final table, including the valuation techniques used to measure them.

Fair values are shown below, split by their level in the fair value hierarchy:

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

Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	31 March 2023 £'000	31 March 2022 £'000
Assets				
Shares in Birmingham Airport	3	Earning-based approach	32,302	16,788
Long term loans to other Local Authorities	2	Discount contractual cash flows at the market rate for a similar instrument of the same remaining term with a counterparty of similar credit standing	0	0
Short term investments	2	Discount contractual cash flows at the market rate for a similar instrument of the same remaining term with a counterparty of similar credit standing	9,400	0
Total Assets			41,702	16,788
Liabilities				
PWLB Loans	2	Discount contractual cash flows at the market rate for LA loans of the same remaining term	612,312	712,373
LOBOs	2	Discount contractual cash flows at the market rate for LA loans of the same remaining term	19,881	24,177
Other Market Loans	2	Discount contractual cash flows at the market rate for LA loans of the same remaining term	7,312	20,200
PFI Scheme Liabilities & Finance Lease Payables	2	Discount contractual cash flows at the market rate for PWLB annuity loans of the same remaining term	14,006	18,474
Other including Short Term Loans	2	Discount contractual cash flows at the market rate for a similar instrument of the same remaining term with a counterparty of similar credit standing	13,851	50,201
Total Liabilities			667,362	825,425

The authority's shareholding in Birmingham Airport - The valuation methodology used to arrive at the above figures is the 'earnings-based' approach, which should result in only appropriate and proportionate changes to the overall shareholding value. This method is considered to be reliable, consistent and will result in lesser volatility over the planning horizon, given the uncertainties inherent within the airport industry and the general economy as a whole. Earnings multiples are based on an average of the lower-quartile earnings and transaction multiples for the industry.

Nature and Extent of Risks Arising from Financial Instruments

The Council's Treasury Policy Statement states that "the Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured." The Council's approach to the management of this risk is set out in its Treasury Management Practices and in its annually approved Treasury Strategy Statement.

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

- **credit risk** – the possibility that other parties might fail to pay amounts due to the council.
- **liquidity risk** – the possibility that the council might not have funds available to meet its commitments to make payments.
- **market risk** – the possibility that financial loss might arise for the council as a result of changes in such measures as interest rates and stock market movements.

Credit Risk

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the central treasury team, under policies approved by the Council in the Annual Investment Strategy. This Council provides written principles for overall risk management, as well as written policies for specific areas such as interest rate risk, credit risk and the investment of surplus cash. Credit risk arises from deposits with banks, other financial institutions from treasury activities, and credit exposures from trade customers

Credit Risk Management Practices

Investments

The Council manages credit risk by ensuring that investments are only placed with banks and financial institutions of high credit quality as detailed in the Treasury Management Strategy 2022-23:

These include commercial entities with a minimum short term credit rating of F1 (Fitch), P1 (Moody's), and A1 (Standard and Poors), as well as the UK government and other local authorities. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap, equity prices, economic fundamentals, sovereign support and market developments.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally, as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all the Council's deposits, but no breaches of counterparty criteria occurred during the reporting period and the Council does not expect any losses in relation to its deposits.

Category of Investment	Maximum proportion of total investments	Amount of Investment at 31 March 2023
£'000		
Specified Investments		
Banks, building societies, and schemes with the credit ratings given above	No more than £15m with any one institution or group of banks	1,594
UK Government and other local authorities	No more than £10m with any one institution except the Government Debt Management Office which is not limited	9,400

Trade Receivables

The Council's trade invoices are due in 30 days, so any debt over 30 days may be considered impaired. These debtors are subject to a collective assessment for the purpose of determining a loss allowance. A prudent loss allowance is made for these trade debtors based on historic collection rates, and a full loss allowance is made for unsecured debt which is more than 12 months and is not on an instalment plan. A loss allowance is not made for financial assets where the counterparty is central government or a local authority. Therefore, credit risk only arises on unpaid (non-government) debt over 30 days old for which no loss allowance has been made. The amounts in this category are shown below:

Age of debt	31 March 2023 £'000	31 March 2022 £'000
1 - 3 months	636	694
3 - 12 months	1,175	814
> 12 months	863	986
Total overdue but no loss allowance made	2,674	2,494

The Council has a rigorous policy for recovery of trade debtors including the use of external collection agents and legal debt recovery procedures and write offs are only considered when all reasonable recovery methods have been exhausted.

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the Public Works Loan Board, other local authorities, and financial institutions. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Market risk

The Council is exposed to the risk of interest rate movements on its borrowings and investments. It manages those risks as follows:

- The Council undertakes new long-term borrowing only where this is justified by its forecast cash flow over the current and following financial year.
- As part of its annual Treasury Strategy Statement, the Council sets limits for the proportion of its fixed borrowing maturing in different periods:

Dudley Council

Maturity within:	Limit	31 March 2023	31 March 2023
	%	£'000	%
12 months	0-15%	28,108	4.42%
1-2 years	0-15%	16,500	2.59%
2-5 years	0-20%	35,000	5.50%
5-10 years	0-25%	91,000	14.30%
more than 10 years	50-100%	465,707	73.19%
Total		636,315	100%

	Limit	31 March 2023	31 March 2023
	%	£'000	%
Upper limit for fixed rate exposure	100%	636,315	99.99%
Upper limit for variable rate exposure	10%	35	0.01%
Total		636,350	100%

West Midlands County Council

Maturity within:	Limit	31 March 2023	31 March 2023
	%	£'000	%
12 months	0-26%	19,197	28.6%
1-2 years	0-20%	22,743	33.9%
2-5 years	0-54%	25,101	37.4%
Total		67,041	100%

	Limit	31 March 2023	31 March 2023
	%	£'000	%
Upper limit for fixed rate exposure	100%	67,041	100.00%
Upper limit for variable rate exposure	10%	0	0.00%
Total		67,041	100%

The WMDAF will close in March 2026 no new long term loans will be required. The above indicator is based on the maturity of the remaining loans in the fund.

- Lenders Option Borrowers Option (LOBO) loans, which expose the Council to the risk that the lender will raise the interest rate at a point in the future, constitute less than 3.5% of the Council's long-term borrowing. Most of the remaining borrowing (96.5%) are fixed rate, so there is no need for a sensitivity analysis.
- The Council's strategy is not to enter an investment where its cash flow forecast indicates that as a result of that investment it would be necessary to borrow money in a future year that it would not otherwise have had to borrow.

The Council is exposed to price risk through its shareholding in Birmingham Airport, see [Note 39](#). The Council is consequently exposed to losses arising from movements in the prices of the shares. The shares are all classified as equity instruments as their acquisition constituted capital expenditure and their disposal would generate a capital receipt. Therefore, meaning that any movement in fair value would impact on gains and losses recognised in the Comprehensive Income & Expenditure Account. As the shareholding has 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 Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

The implicit interest rates within the finance lease elements of the unitary payments for PFI schemes are fixed for the duration of the schemes thereby limiting any exposure to external interest rate movement.

Note 20: Debtors

An analysis of debtors which fall due within one year is shown below (all balances are net of impairment allowances):

	31 March 2023	31 March 2022
	£'000	£'000
Trade Debtors	42,364	35,602
HMRC Debtor Balances	2,996	2,766
Statutory Debtors (includes Council Tax, Business Rates and ex-WMCC debtors)	23,277	20,680
Housing Tenants	1,495	1,478
Other Debtors	878	1,058
Payments in Advance	8,812	6,177
Total Short-term Debtors	79,823	67,761

The value of debts impaired but not provided for is disclosed in [Note 19](#).

The debtors figures above are net of impairment loss allowances. These allowances are detailed below:

	31 March 2023	31 March 2022
	£'000	£'000
Impairment Loss allowances		
Council tax and NNDR (including costs)	18,182	17,665
Benefits Overpayments	3,422	3,868
Housing Debtors	1,978	2,226
Other Debtors	3,044	3,133
Total Impairment Loss Allowances	26,626	26,892

The table below analyses debtors which fall due after a period of at least one year. They include liabilities of West Midlands District Councils and Joint Boards to service debt formerly held by the West Midlands County Council (WMCC), under the terms of the Local Government Reorganisation (Debt Administration) (West Midlands) Order 1986 which designated Dudley as being responsible for the administration of the debt.

	31 March 2023	31 March 2022
	£'000	£'000
Ex WMCC Debtor Authorities	42,812	61,346
Non-Statutory Debtors	12,246	11,229
Total Long Term Debtors	55,059	72,575

Note 21: Debtors for Local Taxation

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

	31 March 2023	31 March 2022
	£'000	£'000
Less than 1 year	3,301	2,429
1 - 2 years	1,003	927
2 - 6 years	334	384
Totals	4,638	3,740

Note 22: Cash and Cash Equivalents

	31 March 2023	31 March 2022
	£'000	£'000
Cash Balances	(4,609)	198
Short-term deposits with approved bodies, etc.	1,559	4,494
Total Cash and Cash Equivalents	(3,050)	4,692

Although the figure at 31st March 2023 is a negative one, none of the Council's bank accounts were overdrawn as at 31st March 2023 and the negative balance is due to large unrepresented BACS figures as at 31st March 2023.

On the balance sheet this has been split to represent the accounts with unrepresented BACS which take their cashbook figures to a negative balance (-£8,644k) and are shown in short-term liabilities and the positive cashbook balances which add to £5,594k and are shown in current assets.

Note 23: Assets Held for Sale

	2022/23	2021/22
	£'000	£'000
Balance at start of year	1,336	744
Assets newly classified as held for sale from Property, Plant and Equipment	1,232	909
Assets formerly classified as held for sale moved to Property, Plant and Equipment	0	0
Revaluation increases or (decreases) recognised in the Revaluation Reserve	0	0
Revaluation increases or (decreases) recognised in the Surplus / Deficit on Provision of Services	288	(317)
Assets Sold	(262)	0
Balance at end of year	2,594	1,336

Note 24: Creditors

An analysis of short-term creditors is shown below.

	31 March	31 March
	2023	2022
	£'000	£'000
Trade Creditors	57,316	79,481
HMRC Creditor balances	5,014	5,766
Statutory Creditors (Council Tax and Business Rates)	1,943	856
Tenants	297	277
Other Creditors	1,492	2,554
Receipts in Advance	10,824	35,159
Total Short-term Creditors	76,886	124,093

Note 25: Provisions

Provisions are raised where a liability has been incurred, and it is more likely than not that a payment will be required. Provisions are reviewed annually and returned to revenue if they are no longer required for their original purposes.

	Insurance	Business Rate Appeals	Other	Total
	£'000	£'000	£'000	£'000
Balance at 31 March 2022	3,480	6,684	0	10,164
Additional Provisions	43	3,474		3,517
Amounts Used		(2,768)		(2,768)
Unused Amounts Reversed	(376)			(376)
Balance at 31 March 2023	3,147	7,390	0	10,537
Shown as current liability in balance sheet	494	7,390		7,884
Shown as non-current liability in balance sheet	2,653			2,653
Balance at 31 March 2023	3,147	7,390	0	10,537

Insurance

The provision reflects the estimated value of known claims against the Council.

Business Rate Appeals

Under the current Business Rates Retention arrangements, the council is liable for 99% of refunds of business rates arising from appeals against the ratings list. The provision reflects an estimate of the likely cost of appeals.

Note 26: Unusable Reserves

These reserves reflect the difference in timing between the recognition of items in the Comprehensive Income and Expenditure Statement in accordance with proper accounting practice and their treatment as specified by statutory provisions. They are not therefore available for immediate use by the Council.

	31 March 2023 £'000	31 March 2022 £'000
Revaluation Reserve	330,760	212,104
Financial Instruments Revaluation Reserve	24,626	9,112
Capital Adjustment Account	827,815	797,951
Financial Instruments Adjustment Account	(6,895)	(7,465)
Pensions Reserve	0	(570,249)
Deferred Capital Receipts Reserve	3,683	3,780
Collection Fund Adjustment Account	(3,599)	(2,863)
Accumulated Absences Account	(3,742)	(3,732)
Dedicated Schools Grant Adjustment Account	(22,081)	(17,220)
Total Unusable Reserves	1,150,567	421,418

Revaluation Reserve

The Revaluation Reserve contains the gains made by Dudley arising from increases in the value of its Property, Plant and Equipment, Heritage Assets, Intangible Assets, and certain loans. The balance is reduced when assets with accumulated gains are:

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

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

	2022/23 £'000	£'000	2021/22 £'000	£'000
Balance at start of year		212,104		191,825
Upward revaluation of assets	127,564		41,399	
Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	(3,502)		(16,206)	
Surplus or deficit on revaluation of non-current assets not posted to the surplus or deficit on the provision of services		124,062		25,193
Difference between fair value depreciation and historical cost depreciation	(3,823)		(4,069)	
Accumulated gains on assets sold or scrapped etc.	(1,583)		(845)	
Amount written off to the Capital Adjustment Account		(5,406)		(4,914)
Balance at end of year		330,760		212,104

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by Dudley arising from increases in the value of its investments that have no quoted market prices i.e., its shares in Birmingham Airport.

	2022/23		2021/22	
	£'000	£'000	£'000	£'000
Balance at start of year		9,112		8,762
Upward revaluation of investments	15,514		350	
Downward revaluation of investments not charged to the Surplus / Deficit on Provision of Services				
Balance at end of year		24,626		9,112

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 Dudley as finance for the costs of acquisition, construction, and enhancement.

The Account contains accumulated gains and losses on Investment Properties.

The Account 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.

[Note 1](#) provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2022/23		2021/22	
	£'000	£'000	£'000	£'000
Balance at the start of the year		797,951		763,877
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and amortisation of non-current assets	(48,396)		(48,973)	
Revaluation gain/(loss) on Property, Plant and Equipment	(13,573)		4,034	
Revenue expenditure funded from capital under statute	(8,928)		(8,489)	
Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the Comprehensive Income and Expenditure Statement.	(12,976)		(13,320)	
Non cash sale proceeds from disposal of non-current assets				
Sub-Total		(83,873)		(66,748)
Adjusting amounts written out of the Revaluation Reserve (Depreciation and Disposal etc.)		5,406		4,914
Net written out amount of the cost of non-current assets consumed in the year		(78,467)		(61,834)
Capital financing applied in the year				
Use of the Capital Receipts Reserve to finance new capital expenditure	21,725		8,338	
Application of Capital Grants previously unapplied to finance new capital expenditure	360		267	
Use of the Major Repairs Reserve to finance new capital expenditure	24,065		24,885	
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	45,090		45,859	
Statutory & voluntary provision for the financing of capital investment charged against the General Fund and HRA balances	13,766		12,755	
Capital expenditure charged against the General Fund and HRA balances	3,452		3,935	
Sub-total		108,458		96,039
Write down of capital debtors		(127)		(131)
Balance at end of year		827,815		797,951

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.

The Council uses the Account to manage premiums paid on the early redemption of loans, and the effects of granting loans in furtherance of council objectives at less than commercial rates of interest.

Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In Dudley's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the account at 31 March 2023 will be charged to the General Fund over the next 34 years.

	2022/23		2021/22	
	£'000	£'000	£'000	£'000
Balance at start of year		(7,465)		(8,031)
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	570		566	
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements		570		566
Balance at end of year		(6,895)		(7,465)

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. Dudley accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service; the liabilities recognised are updated to reflect inflation, changing assumptions and investment returns on resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as Dudley makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The nil balance on the Pensions Reserve shows a substantial movement from 2021/22 as a result of significant remeasurements of £733m, arising from changes in assumptions. The Council made a payment of £92.0m to the WMPF in 2020/21 in respect of its estimated statutory liability for employer's ordinary pension contributions for 2020/21 and the two subsequent years - to benefit from advantageous investment returns available to the Fund. The statutory arrangements ensure that funding is set aside by the time the benefits come to be paid. The debit balance on the Pensions Reserve was adjusted to the asset ceiling value of £0 following guidance regarding IFRIC14.

	2022/23		2021/22	
	£'000	£'000	£'000	£'000
Balance at start of year		(570,249)		(849,797)
Remeasurements of the net defined liability / asset	632,660		342,557	
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(85,596)		(97,014)	
Employer's pensions contributions and direct payments to pensioners payable in the year	32,959		34,005	
Adjustment for IFRIC14	(9,774)			
Balance at end of year		0		(570,249)

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the proceeds recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	2022/23		2021/22	
	£'000	£'000	£'000	£'000
Balance at start of year		3,780		3,851
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0		0	
Transfer to the Capital Receipts Reserve upon receipt of cash	(97)		(71)	
Balance at end of year		3,683		3,780

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2022/23		2021/22	
	£'000	£'000	£'000	£'000
Balance at start of year		(2,863)		(41,262)
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income & NNDR calculated for the year in accordance with statutory requirements	(736)		38,399	
Balance at end of year		(3,599)		(2,863)

Accumulated Absences Account

The Accumulated 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, e.g., annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2022/23		2021/22	
	£'000	£'000	£'000	£'000
Balance at start of year		(3,732)		(3,843)
Settlement or cancellation of accrual made at the end of the preceding year	3,732		3,843	
Amounts accrued at the end of the current year	(3,742)		(3,732)	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(10)		111
Balance at end of year		(3,742)		(3,732)

Dedicated Schools Grant Adjustment Account

On the 6 November 2020, the secretary of state for Ministry of Housing, Communities and Local Government laid before Parliament a statutory instrument to amend The Local Authorities (Capital Finance and Accounting) Regulations (the 2003 Regulations). The provisions came into effect from 29 November 2020.

The instrument amends the 2003 Regulations by establishing new accounting practices in relation to the treatment of local authorities' schools budget deficits such that where a local authority has a deficit on its school's budget relating to its accounts for a financial year beginning on 1st April 2020, 1st April 2021 or 1st April 2022, it must not charge the amount of that deficit to a revenue account. The local authority must record any such deficit in a separate account established solely for the purpose of recording deficits relating to its school's budget. This is known as the Dedicated Schools Grant Adjustment Account. The new accounting practice has the effect of separating schools budget deficits from the local authorities' general fund for a period of three financial years.

	2022/23		2021/22	
	£'000	£'000	£'000	£'000
Balance at start of year		(17,220)		(10,525)
Schools Budget Deficit in year	(4,861)		(6,695)	
Balance at end of year		(22,081)		(17,220)

Note 27: Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and similar 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.

	2022/23	2021/22
	£'000	£'000
Opening Capital Financing Requirement	740,229	731,081
Capital Investment:		
Property, Plant & Equipment	90,273	96,672
Intangible Assets	55	26
Heritage Assets	0	0
Capital Advances	0	0
Revenue Expenditure Funded from Capital under Statute	8,928	8,489
Sources of Finance:		
Capital receipts (including set aside to repay debt)	(21,725)	(8,338)
Government grants and other contributions	(45,450)	(46,126)
Sums set aside from revenue:		
Direct revenue contributions	(3,452)	(3,935)
Major repairs reserve	(24,065)	(24,885)
Minimum / Voluntary Revenue Provision	(13,766)	(12,755)
Closing Capital Financing Requirement	731,027	740,229
Explanation of movements in year:		
Capital expenditure funded by borrowing and credit unsupported by government financial assistance	4,565	21,903
Minimum/Voluntary Revenue Provision	(13,766)	(12,755)
Increase / (Decrease) in Capital Financing Requirement	(9,201)	9,148

Capital Commitments

At 31st March 2023, Dudley had entered into major contractual and other commitments relating to capital expenditure (including spending not on the Council's own assets, e.g. spend on Foundation Schools, and grants and loans to other persons and bodies for capital expenditure, etc.) as follows:

	2022/23
	£'000
Housing	10,861
Environment	114
Schools and SEND	6,694
Regeneration and Corporate Landlord	2,884
Transport	346
Culture, Leisure and Bereavement	357
Other Projects	0
Total	21,256

Comparable commitments at 31st March 2022 were £28.264m.

Note 28: Defined Benefit Pension Schemes

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 that needs to be disclosed at the time that employees earn their future entitlement.

The council participates in two post-employment schemes:

- The Local Government Pension Scheme (LGPS), administered locally (West Midlands Pension Fund) by Wolverhampton City Council. This is a funded defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. Benefits earned before 1 April 2014 are based on final salary. Benefits earned after this date are to be based on career average revalued earnings.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement. This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. The award of such discretionary benefits for LGPS ended in 2008, but some discretionary benefits continue to be granted to teachers. Some of the pensions are managed via the West Midlands Pension Fund (WMPF) and recharged to the Council; other are paid directly by the Council.

Regarding the WMPF, the Pension Fund Committee oversees the management of the Fund whilst the day-to-day fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisers. WMPF, after consultation with the Fund Actuary (currently Barnett Waddingham) and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Investment Strategy Statement. These should be amended when appropriate based on the Fund's performance and funding. Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund has been carried out as at 31 March 2022 and has set contributions for the period from 1 April 2023 to 31 March 2026. There are no minimum funding requirements in the LGPS, but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

In general, participating in a defined benefit pension scheme means that the Employer is exposed to a number of risks:

- Investment risk. The Fund holds investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.
- Inflation risk. All the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation; and
- Longevity risk. If the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the West Midlands Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All the risks above may also benefit the Employer e.g., higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

Valuation data sources

In completing calculations for pension accounting purposes in their reports of 31st May 2023, the fund actuary used the following items of data received from West Midlands Pension Fund:

-The results of the valuation as at 31 March 2022 which was carried out for funding purposes and the results of the 31st March 2022 IAS19 report which was carried out for accounting purposes;
 -Estimated whole Fund income and expenditure items for the period to 31 March 2023.
 -Fund investment returns for the period to 31st March 2023 (based on Fund cashflows and a net asset statement as at 31st March 2023);
 -Estimated Fund income and expenditure in respect of the Employer for the period to 31st March 2023.
 -Details of any new early retirements for the period to 31st March 2023 that have been paid out on an unreduced basis, which are not anticipated in the normal employer service cost.
 -Details of any settlements for the period to 31st March 2023.
 Although some of these data items have been estimated, the actuary did not believe that they are likely to have a material effect on the results of their report, nor were they aware of any material changes or events since receiving the data.

Transactions Relating to Post-employment Benefits

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

Comprehensive Income and Expenditure Statement	Local Government Pension Scheme - Funded		Discretionary Benefits Arrangements - Unfunded	
	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000
Cost of Services				
Current service cost	72,524	80,084	0	0
Settlements (effect of transfers to other employers, e.g. academies)	(3,487)	(842)	0	0
Curtailments (effect of paying unreduced pensions on early retirement) and other costs	262	387	0	0
Other Operating Expenditure				
Pension Administration Expense	800	733	0	0
Financing and Investment Income and Expenditure:				
Net Interest Cost	14,832	16,122	665	530
Total Post Employment Benefits Charged to the surplus or deficit on the provision on services	84,931	96,484	665	530
Other Post Employment Benefits (Credited) or Charged to the Comprehensive Income and Expenditure Statement:				
Remeasurements (gains) and losses	(631,067)	(342,226)	(1,593)	(331)
Adjustments related to IFRIC14	9,774			
Total Post Employment Benefits (Credited) or Charged to the Comprehensive Income and Expenditure Statement	(536,362)	(245,742)	(928)	199

Movement in Reserves Statement	Local Government Pension Scheme - Funded		Discretionary Benefits Arrangements - Unfunded	
	2022/23	2021/22	2022/23	2021/22
	£'000	£'000	£'000	£'000
Reversal of net charges made to the surplus or Deficit on the provision of Services for post employment benefits in accordance with the code	(84,931)	(96,484)	(665)	(530)
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable to scheme	30,975	31,935		0
Retirement benefits payable to pensioners	0	0	1,984	2,070

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to 31st March 2023 is a gain of £397.040m.

Assets and Liabilities in Relation to Post-employment Benefits

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

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Discretionary Benefits Arrangements	
	2022/23	2021/22	2022/23	2021/22
	£'000	£'000	£'000	£'000
Balance at start of year	2,071,068	2,212,998	25,752	27,623
Current service cost	72,524	80,084	0	0
Interest on Pension Liabilities	56,345	44,628	665	530
Contributions by scheme participants	10,230	9,524	0	0
Remeasurements (gains) or losses	(698,201)	(229,495)	(1,593)	(331)
Benefits paid	(43,027)	(46,071)	(1,984)	(2,070)
Settlements	(5,711)	(1,720)	0	0
Administration Expense	800	733	0	0
Curtailments and other costs	262	387	0	0
Balance at end of year	1,464,290	2,071,068	22,840	25,752

Reconciliation of fair value of the scheme (plan) assets:

Local Government Pension Scheme	2022/23	2021/22
	£'000	£'000
Balance at start of year	1,555,244	1,450,821
Interest on Plan Assets	41,513	28,506
Remeasurements gains or (losses)	(67,134)	112,731
Employer Contributions	2,302	611
Contributions by scheme participants	10,230	9,524
Settlements	(2,224)	(878)
Administration Expense	0	0
Benefits paid	(43,027)	(46,071)
Balance at end of year	1,496,904	1,555,244

Scheme History

	2022/23	2021/22	2020/21	2019/20	2018/19
	£'000	£'000	£'000	£'000	£'000
Present value of liabilities:					
Local Government Pension Scheme	(1,464,290)	(2,071,068)	(2,212,998)	(1,695,302)	(1,706,017)
Discretionary Benefits Arrangements	(22,840)	(25,752)	(27,623)	(26,387)	(26,134)
Fair value of assets:					
Local Government Pension Scheme	1,496,904	1,555,244	1,450,821	1,163,877	1,194,864
Surplus or (deficit) in the scheme:					
Local Government Pension Scheme	32,614	(515,824)	(762,177)	(531,425)	(511,153)
Discretionary Benefits Arrangements	(22,840)	(25,752)	(27,623)	(26,387)	(26,134)
Total	9,774	(541,576)	(789,800)	(557,812)	(537,287)
To meet the requirements of IFRIC14	(9,774)	0	0	0	0
Revised balance sheet net pension liability	0	(541,576)	(789,800)	(557,812)	(537,287)

As Dudley MBC moved into a net defined benefit asset position at the end of 2022/23 an adjustment has been made to the funded pension asset to reduce the net pension liability to zero (the lower of the asset ceiling calculation and the net asset shown in the actuarial statement).

Basis for Estimating Assets and Liabilities

To assess the value of the Employer's liabilities at 31 March 2023, the actuary has calculated the value of the Employer's liabilities based on the funding valuation as at 31 March 2022, using financial assumptions that comply with IAS19. The full actuarial valuation involved projecting future cashflows to be paid from the Fund and placing a value on them. These cashflows include pensions currently being paid to members of the Fund as well as pensions (and lump sums) that may be payable in future to members of the Fund or their dependants. These pensions are linked to inflation and will normally be payable on retirement for the life of the member or a dependant following a member's death.

It is not possible to assess the accuracy of the estimated value of liabilities as at 31 March 2023 without completing a full valuation. However, the actuary is satisfied that the approach of rolling forward the current valuation data to 31 March 2023 should not introduce any material distortions in the results provided that the actual experience of the Employer and the Fund has been broadly in line with the underlying assumptions, and that the structure of the liabilities is substantially the same as at the latest formal valuation. From the information we have received there appears to be no evidence that this approach is inappropriate.

To calculate the asset share the actuary has used the assets allocated to the Employer at 31 March 2022 allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the Fund by and in respect of the Employer and its employees.

The actuary has adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2022.

The principal assumptions used by the actuary have been:

	31 March 2023 £'000	31 March 2022 £'000
Mortality assumptions:		
Life expectancy from 65 retiring today		
Men	21.0	21.1
Women	24.0	23.9
Life expectancy from 65 retiring in 20 years		
Men	21.6	22.0
Women	25.3	25.4
Financial Assumptions:		
Rate of discounting scheme liabilities	4.75%	2.70%
Rate of increase in pensions	2.95%	3.20%
Rate of increase in salaries	3.95%	4.20%

It has also been assumed that:

- Members will exchange pension to get 50% of the maximum available cash on retirement. For every £1 of pension that members commute, they will receive a cash payment of £12 as set out in the Regulations.
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age: and
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

The estimated average duration of the LGPS Past Service Liability duration is 18 years (31st March 2022, 21 years).

Financial assumptions have been set with reference to market conditions at 31 March 2023.

The standard assumption for salary growth is relative to CPI, using the same methodology as the Fund's most recent funding valuation.

The sensitivity of the liability to changes in major assumptions is included in Note 35 below.

Assets

The estimated asset allocation for the Council as at 31st March 2023 is as follows:

Asset Breakdown	31st March 2023	
	% Quoted	% Unquoted
Debt Securities:		
Corporate Bonds (investment grade)		5.26%
UK Government		4.60%
Other		10.67%
Private equity:		
All		7.69%
Real Estate:		
UK		7.02%
Overseas		
Investment Funds and Unit Trusts:		
Equities	12.21%	42.51%
Infrastructure		5.40%
Other		1.52%
Derivatives:		
Foreign Exchange Derivatives		
Other		
Cash and Cash Equivalentents		
All		3.12%
	12.21%	87.79%

Above table may not sum due to roundings.

The actuary received the following information from the administering authority (Wolverhampton City Council) regarding the detail of their assets as at 31st March 2023, representing the percentages of the total Fund held in each asset class (split by those that have a quoted market price in an active market, and those that do not).

Note 28a: Contingent Liabilities

The Council is acting as guarantor to a loan from Unity Trust Bank to the Birmingham Institute of Contemporary Music Production (BICMP with trading name Resonance). Clause 1.6 of the guarantee states that the total amount recoverable shall not exceed the total of £800,000 plus interest, costs and expenses.

Cash Flow Statement Notes

Note 29: Cash Flow Statement – Operating Activities

A. Adjust Net Surplus or Deficit on the Provision of Services for Non-Cash Movements

	2022/23	2021/22
	£'000	£'000
Non Cash Movements		
Depreciation and Amortisation	(48,396)	(48,973)
Revaluation	(13,573)	4,034
Carrying Amount of Non Current Assets Sold	(12,976)	(13,320)
Net Charges made for Retirement Benefits in Accordance with IAS 19	(81,311)	(94,333)
Other Non Cash Movements	(528)	805
Changes to Grants Received in Advance	(3,064)	6,225
Changes in Impairment of Bad Debts	265	(1,702)
Changes to Creditors	40,374	(43,389)
Changes to Debtors	(9,316)	(8,061)
Changes to Inventories	785	(419)
Total Non-Cash Movements and Adjustments to the Net Surplus or Deficit	(127,740)	(199,133)

B. Adjustments for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities

	2022/23	2021/22
	£'000	£'000
Capital Grants Credited to the Surplus or Deficit on the Provision of Services	48,113	45,868
Proceeds from the Sale of Non-Current Assets	14,721	14,602
Adjustments for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities		
Total	62,834	60,470

Interest Received, Interest Paid and Dividends Received

	2022/23	2021/22
	£'000	£'000
Interest Paid	23,733	24,552
Interest Received	(552)	(264)
Dividends Received	(110)	(110)
Total included in Net Cash Flows from Operating Activities	23,071	24,178

Note 30: Cash Flow Statement - Investing Activities

	2022/23	2021/22
	£'000	£'000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	89,622	95,183
Purchase of Short Term and Long Term Investments	9,401	35
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(14,721)	(14,602)
Proceeds from disposal of Short Term and Long Term Investments	0	(21,215)
Other Receipts from Investment Activities	(48,113)	(45,868)
Net Cash Flows from Investing Activities	36,189	13,533

Note 31: Cash Flow Statement - Financing Activities

	2022/23	2021/22
	£'000	£'000
Cash Receipts of Short and Long Term Borrowing	(101,500)	(4,000)
Cash Payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	1,468	2,141
Repayment of short and long term borrowing	78,107	90,568
Other (receipts)/payments for financing activities	12,205	11,705
Net Cash Flows from Financing Activities	(9,720)	100,414

Reconciliation of liabilities arising from Financing Activities

	1 April 2022	Financing Cash flows	Non-cash changes	31 March 2023
			Acquisition	Other non-cash changes
	£'000	£'000	£'000	£'000
Long term borrowings	601,878	53,793		655,671
Short-term borrowings	78,140	(30,400)		47,740
Lease Liabilities	5,171	(177)		(26)
On balance sheet PFI liabilities	9,230	(1,291)		(1,043)
Total liabilities from financing activities	694,419	21,925	0	(1,069)

	1 April 2021	Financing Cash flows	Non-cash changes	31 March 2022
			Acquisition	Other non-cash changes
	£'000	£'000	£'000	£'000
Long term borrowings	675,985	(74,107)		601,878
Short-term borrowings	90,601	(12,461)		78,140
Lease Liabilities	5,365	(158)		(36)
On balance sheet PFI liabilities	11,677	(1,983)		(464)
Total liabilities from financing activities	783,628	(88,709)	0	(500)

Other Notes

Note 32: Accounting Policies

1. General Principles and Changes for 2022/23

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. The Council is required to prepare an annual statement of accounts, in accordance with proper accounting practices, by the Accounts and Audit Regulations 2015. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), supported by International Financial Reporting Standards (IFRS). Some rounding's necessarily remain.

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

Dudley MBC as a local authority carries out functions essential to the local community and is itself a revenue-raising body (with limits on revenue-raising powers arising only at the discretion of central government). If the Council was in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. Therefore, it is reasonable to assume that the Council's services will continue to operate for the foreseeable future and that the accounts are prepared on the basis that it is a going concern.

2. Accruals of Income and Expenditure

Activity is accounted for in the year in which it takes place, not when money is paid or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed; where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for respectively as income and expenditure based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Income and expenditure are credited and debited to the relevant service revenue account unless they properly represent capital receipts or capital expenditure.
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where debts may not be settled, the balance of debtors is written down, and a charge made to revenue for the income that might not be collected.
- Revenue relating to council tax and business rates are measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions, and are recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the authority and the amount of the revenue can be measured reliably.

The Council has set a general de minimis level for accruals of creditors and debtors that are calculated manually in order to avoid additional time and cost in estimating and recording accruals.

This level is reviewed annually and has been set at £10,000 for 2022/23. If a payment or receipt is split across different cost centres, the limit is for the whole payment or receipt.

Exceptions to this de minimis rule where accruals are made in full are:

- Qualifying expenditure upon which income from government grant or other third parties is dependent and associated grant income, where the grant funding would be lost if the accrual is not made
- Invoices for substantially the same supply or service that are chargeable to the same service area are aggregated where their total is over £10,000.
- Automated accruals which are calculated using the Corporate Financial systems (UNIT 4 Business World and the Central Utilities database) or other systems within directorates.

3. Provisions and Contingent Liabilities

Provisions are made for liabilities that have been incurred but are of uncertain timing or amount. There are three criteria:

- the council has a present obligation (legal or constructive) as a result of a past event.
- it is probable (i.e., more likely than not) that money will be needed to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

If any of these criteria are not met, no provision will be made in the accounts, but a contingent liability may be disclosed in a note. Where the liability is due to be settled within the next financial year, the provision is shown as a current liability in the balance sheet. Otherwise, provisions are shown as long-term liabilities.

The obligation can be “constructive” e.g., the council has publicly expressed an intention to do something, and other parties have acted in expectation of this.

Provisions are charged 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. Details of provisions held at 31 March 2023 are shown in Note 25 to the statements.

When payments are eventually made, they are charged to the provision carried in the balance sheet. Estimated obligations are reviewed at the end of each financial year; where it becomes less than probable that money will be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.

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 where material are disclosed in a note to the statements.

4. Reserves

The council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance (GFB) in the Movement in Reserves Statement (MiRS). When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score 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 GFB through the MiRS so that there is no net charge against council tax for the expenditure.

Reserves designated as Local Management of Schools relate to preserved funds of schools for use in future years, under the terms of Dudley's *Scheme for Financing Schools*. These reserves are committed to be spent in the education service and are not available to the council for general use.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the council

– these reserves are explained in the relevant policies below and are summarised on the balance sheet as unusable reserves.

5. Government and other Grants and Contributions

Government grants and third-party contributions and donations are recognised as due to Dudley at the date that there is reasonable assurance that the monies will be received and that any conditions will be satisfied but will not be credited to the Comprehensive Income and Expenditure Statement (CIES) until any conditions are satisfied. Conditions are stipulations that allow the grant-giver to recover the grant if it is not used as specified.

Monies advanced to the Council as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors; where there is reasonable assurance that the conditions will be complied with, in the grouping Grants Receipts in Advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or to Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the CIES.

Capital grants and contributions are treated in a similar way, i.e., they are credited to CIES as Taxation and Non-specific Grant Income as soon as any conditions are complied with and there is reasonable assurance that the money will be received.

Any capital grants or contributions received with conditions where the council does not have reasonable assurance that those conditions will be complied with are carried in the balance sheet as creditors: where there is reasonable assurance that the conditions will be complied with, in the Capital Grants Receipts in Advance account.

Where capital grants and contributions are credited to the CIES, they are reversed out of the General Fund balance through the Movement in Reserves Statement (MiRS) to the Capital Adjustment Account (CAA).

6. Employee Benefits

Benefits Payable during Employment

Short term employee benefits, i.e., those due to be settled within 12 months of the year end, include wages and salaries, paid annual leave, and paid sick leave, and bonuses. They 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 entitlements (e.g., for holidays or flexi leave) earned but not taken before the year-end, which employees can carry forward into the next financial year. The accrual is made at the rates applicable in the year in which the entitlement is earned, being a reasonable approximation to the rates in the following year in which the employee will take the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services (SDPS) in the Comprehensive Income and Expenditure Statement (CIES), but then reversed out through the Movement in Reserves Statement (MiRS), 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 because 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. They are charged on an accrual's basis to the appropriate service line, or to the Non-Distributed Costs line in the CIES, at the point when the council has communicated a detailed plan for the termination of the employment of an officer or group of officers, or for offers to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, e.g., through early access to earned pension, 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 accounting standards. To achieve this, appropriations in the MiRS 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 or payable to the pension fund and pensioners.

Post-Employment Benefits

Employees of the council are entitled to be members of one of three separate pension schemes:

- The Teachers' Pension Scheme, administered by Teachers' Pensions on behalf of the Department for Education (DfE).
- The NHS Pension Scheme, administered by NHS Business Services Authority (for staff who transferred with the Public Health function).
- The Local Government Pension Scheme, administered by Wolverhampton City Council as the West Midlands Pension Fund.

All three schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the council. However, the arrangements for the Teachers' and NHS schemes mean that liabilities for these benefits cannot be identified to the council. These schemes are therefore accounted for as if they were defined contributions schemes – no liability for future payments of benefits is recognised in the balance sheet. The Children's and Education Services and Public Health revenue accounts are charged with the employer's contributions payable to Teachers' and NHS Pension Schemes in the year. Details are given in [Note 11](#) to the statements.

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, i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, and projections of future increases in pensions and salaries.

Liabilities are discounted to their value at current prices, using a discount rate based on the rate of return on high quality corporate bonds of appropriate period.

The assets of the West Midlands Pension Fund attributable to the Council are included in the balance sheet at their fair value. Details are given in [Note 28](#) to the statements. Quoted securities held as assets in the scheme are valued at bid price.

The annual change in the net pension's liability is analysed as follows:

Service costs:

- current service cost – the increase in liabilities as a result of years of service earned this year - allocated in the CIES to the revenue accounts of 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, and curtailments or events that reduce the expected future service or accrual of benefits of employees – debited to the SDPS in the CIES
- any gain or loss on settlement (the result of actions to relieve the council of liabilities) – credited or debited to the SDPS in the CIES.

Interest Income or Expense:

- Net interest on net defined liability – the change during the period in the net defined benefit liability or asset that arises from the passage of time. It comprises interest income on the plan assets, net of interest cost on the defined benefit obligation – debited or credited to Financing and Investment Income and Expenditure in the CIES.

Remeasurements:

- return on plan assets, less items included in the net interest above – credited to Other Comprehensive Income and Expenditure (OCIE) in the CIES;
- remeasurement of the net defined liability – 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 – recognised in OCIE in the CIES.

Contributions paid by the employer:

- employer's contributions paid to the West Midlands Pension Fund – not accounted for as an expense.

Statutory provisions in relation to retirement benefits require the council to charge General Fund with the amounts payable by the council to the pension fund in the year. This means that in the MiRS there are appropriations to and from the Pensions Reserve to remove the relevant notional debits

and credits for retirement benefits and replace them with debits for the amounts payable to the pension fund. The negative balance on the Pension Reserve measures the beneficial effect on the General Fund and HRA of accounting for pensions based on amounts payable, rather than a calculation of benefits earned.

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.

7. VAT

Only irrecoverable VAT is charged in the accounts.

8. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service.

9. Property, Plant and Equipment (PPE) excluding Infrastructure Assets

Assets that have physical substance and are held for use in or supply of services or the production of goods, 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, providing 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.
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

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

- community assets (except land) – depreciated historical cost
- assets under construction and community assets land – historical cost
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- Surplus and Investment assets - fair value by using the asset in its highest and best use.
- 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.

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

Assets included in the Balance Sheet at current value are revalued on a rolling programme, sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Gains are credited to the CIES where they reverse a loss previously charged to the SDPS. Property assets that fall below the de-minimis level of £40,000 are not subject to valuation, they are however reviewed annually as part of the impairment review carried out by the valuer. However, there is not a formal de-minimis for initial recognition of assets.

Where decreases in value are identified, they are accounted for as follows:

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

The Revaluation Reserve contains only revaluation gains recognised since 1 April 2007, 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 such indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

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

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the CIES, 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. Depreciation is charged from the year after capitalisation and in full in the year of disposal. An exception is made for assets without a determinable finite useful life (i.e., freehold land and Community Asset land) and assets that are not yet available for use (i.e., assets under construction).

Assets are depreciated using the following methods and over the following periods:

Asset Type	Depreciation Method	Period of Years
Buildings	Straight line	Useful Economic Life, up to 70 years
Mobile Plant & Vehicles	Straight line	Useful Economic Life, usually between 5 and 20 years*
Council Dwellings	Based upon major components' replacement cost allocated on a straight-line basis over the useful life of each component. The difference between the sum of the total value of the component elements and the EUV-SH valuation is the residual value which is depreciated on a straight-line basis over 100 years	Useful Economic Life of components and residual value which are between 15 and 100 years

* The main exception to this useful life is when vehicles have been purchased at the end of a lease and their remaining life is deemed to be less than 5 years.

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.

Components

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately, unless the difference to the depreciation charge would not be significant.

For major newly built assets, and identifiable new blocks, over £1m in cost, and as assets are revalued through the five-year rolling programme, an assessment for significant components is made by the property professionals.

At post-completion review of major enhancement or refurbishment schemes, an assessment will be made of the carrying value of any identifiable parts removed. If these have a value over £40k, they will be formally derecognised from the balance sheet. If the host asset has a life longer than 30 years, and a value above £2.5m, then the new spend will be set up as a component.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, and it is probable that the sale will be completed within 12 months, 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 current value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CIES. Gains in current value are recognised only up to the amount of any losses previously 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.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing dwellings 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 Reserve from the General Fund and Balances in the Movement in Reserves Statement (MiRS).

The written-off value of disposals is not a charge against council tax, as the cost of Plant, Property, 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 MiRS.

9a. Highways Network Infrastructure Assets

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

Recognition

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

Measurement

Highways network infrastructure assets are generally measured at depreciated historical costs. However, this is a modified form of historical costs – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994 which was deemed at that time to be historical cost. Where impairment losses are identified they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

Depreciation

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systemic allocation of their depreciable amounts over their useful lives. Annual depreciation is the depreciation amount allocated each year. Depreciation is first charged the year after capitalisation. Useful lives of the highways network are assessed by the Head of Traffic, transportation and Engineering using industry standards where applicable as follows and the useful lives typically used are:

Part of the Highways Network	Useful Life
Carriageways	20 years
Footways and Cycle Tracks	30 years
Structures (bridges, tunnels)	80 years
Street Lighting	30 years
Street Furniture	40 years
Traffic Management Systems	20 years

Disposals and Derecognitions

When a significant component of the Network is disposed of or decommissioned, the carrying amount of the component in the balance sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Where a part of the network is replaced, an adaptation provided in a separate update to the Code assumes that from the introduction of the IFRS based Code when parts of the asset are replaced or restored the carrying amount of the derecognised part will be zero because parts of infrastructure assets are rarely replaced before the part has been fully consumed.

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 because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position (as rather than manually derecognising 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.

10. Intangible Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the council (e.g., software licences) is capitalised when it will bring benefits to the council for more than one financial year. Such assets are usually short-lived, and as such are not revalued. The intangible asset balances are amortised to the relevant service revenue account over the economic life of the assets, using the straight-line method over 5 years, to reflect the pattern of consumption of benefits.

11. Charges to Revenue for Non-current Assets (Property, Plant, and Equipment, and Intangible Assets)

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding plant, property, and equipment during the year:

- depreciation attributable to the assets used by the relevant service.
- impairment and revaluation losses which exceed any balance of accumulated gains in the Revaluation Reserve against which they can be written off.
- amortisation of intangible assets attributable to the service.

The council is not required to cover depreciation, impairment and revaluation losses, or amortisation from amounts raised from council tax. However, it is required to make an annual “Minimum Revenue Provision” (MRP) from revenue towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the council in accordance with statutory guidance). Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the MRP charge to the General Fund Balance, by way of adjusting transactions with the Capital Adjustment Account in the Movement in Reserves Statement.

For the Housing Revenue Account there is no MRP requirement, but an amount equal to depreciation is required by regulations to be transferred to the Major Repairs Reserve; thus, depreciation is effectively a charge to the HRA to be met from rent income.

12. Revenue Expenditure Funded from Capital under Statute (REFCUS)

Legislation in England and Wales allows some expenditure to be classified as capital for funding purposes although it does not result in the creation of a non-current asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to the General Fund and impact on that year’s council tax. These items are generally grants and expenditure on property not owned by the council, and amounts directed under section 16(2) of Part 1 of the Local Government Act 2003. Such expenditure is charged to the CIES in accordance with the general provisions of the Code. Any statutory provision that allows capital resources to meet the expenditure is accounted for by debiting the Capital Adjustment Account and crediting the General Fund Balance through the Movement in Reserves Statement (MiRS).

13. 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. (For vehicles, this applies when vehicles are leased for the greater part of their working lives.) 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, i.e., paying for the use of assets**Finance Leases**

Property, plant, and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease’s inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the

obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the 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, replaced by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting 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 i.e., receiving rents for property

Finance Leases

Where the Council grants a finance lease over a property or an item of equipment, the asset is disposed of from the balance sheet and a long-term debtor is created. Lease payments received are apportioned between:

- principal repayment used to write down the debtor
- financing income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

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). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

14. Financial liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest payable). Interest charged to the CIES is the amount payable for the year in the loan agreement.

Discounts and premiums on the repurchase or early settlement of borrowing are credited and debited to Net Operating Expenditure in the CIES in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the

modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the CIES is spread over the life of the loan by an adjustment to the effective interest rate.

Regulations allow the impact of premiums and discounts on the General Fund Balance to be spread over future years. This is managed by a transfer to or from the Financial Instruments Adjustment Account, through the Movement in Reserves Statement.

15. Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL); and
- fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those contractual payments that 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 and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. This means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

The Council has one soft loan made to Dudley Zoo at zero interest but the present value of the interest that will be foregone is not material enough to record an annual loss in the CIES over the life of the soft loan.

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 CIES.

Expected Credit Loss Model

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

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

All the Council's financial assets, excluding trade receivables, were deemed to be low risk at the Balance Sheet date so only 12-month expected credit losses were evaluated and these were not material enough to justify charging loss allowances to the CIES.

Financial Assets Measured at Fair Value through Profit of Loss

The Council has no financial assets measured at Fair Value through Profit of Loss.

Financial Assets Measured at Fair Value Through Other Comprehensive Income

The Council has an equity investment in Birmingham Airport shares. These shares are a long-term strategic investment held to support the wider provision of local and regional public services and to receive regular dividend income rather than for capital growth or to sell. Therefore, the Council has elected to take up the option to designate the shareholding as an equity instrument at fair value through other comprehensive income as this is more likely to present a true and fair view of its financial performance, than presenting changes in fair value in the surplus or deficit on provision of services.

Dividends in respect of the shares are credited to Financing and Investment and Expenditure line in the CIES. Changes in fair value are balanced by an entry in the Financial Instruments Revaluation Reserve.

16. Inventories (Stocks and Stores)

Inventories are included in the balance sheet at the lower of cost and net realisable value, except those inventories of items to be distributed without charge which are valued at the lower of cost and current replacement value. The accounting policy for the treatment of stocks and stores has been amended for 2021/22 Statement of Accounts with the introduction of a £50,000 de minimis for stock. In practice the de minimis won't impact on the necessity to keep accurate stock levels. However, it will mean we will no longer account for stock levels below £50,000 on the balance sheet.

17. Interests in Companies and Other Entities

The council has no material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities that require it to prepare group accounts. Information relating to individual companies is shown in [Note 39](#) to the statements.

18. Private Finance Initiative (PFI) and similar schemes

PFI contracts are agreements to receive services, where the responsibility for making available the plant, property and equipment needed to provide the services passes to the PFI contractor. In cases where the Council is deemed to control the services that are provided, and where ownership of the fixed asset will pass to the Council at the end of the contract without further payment, the Council has included these assets in the balance sheet. Details are shown in [Note 38](#) to the statements.

The entries are calculated as if the original recognition of the plant, property and equipment was balanced by a liability for amounts due to the scheme operator to pay for the assets.

Plant, property, and equipment recognised on the balance sheet is revalued and depreciated in the same way as any other Council-owned property.

Payments made by the Council under PFI contracts are analysed as follows:

- fair value of services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement (CIES).
- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to Interest Payable in the CIES.
- payment towards liability – applied to write down the Balance Sheet liability to the PFI or another contractor.
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the CIES.

Where an asset financed by a PFI scheme is transferred to an academy, responsibility for the payment of the unitary charge remains with the Council. The asset is removed from the Council's balance sheet, but the PFI liability will remain with Council and continue to be written down over the length of the PFI contract, funded by PFI credits and contributions from the academy.

PFI Credits

Government Grants received for PFI schemes, in excess of current levels of expenditure, are carried forward as an earmarked reserve to fund future contract expenditure. The grant is treated as a general grant in the CIES.

19. Accounting for Council Tax

The Council Tax income included in the CIES is the accrued income for the year, and not the amount required under regulation to be transferred from the Collection Fund to the General Fund (the Collection Fund Demand). The difference is taken to the Collection Fund Adjustment Account through the MiRS.

As the collection of Council Tax for preceptors (the West Midlands Police & Crime Commissioner, and West Midlands Fire & Rescue Authority) is an agency arrangement, the cash collected belongs proportionately to Dudley as the billing authority and to the preceptors. This gives rise to a debtor or creditor position for the difference between cash collected from taxpayers and cash paid to preceptors under regulation.

20. Accounting for Collection of Business Rates

Dudley collects Business Rates partly as an agent for the Fire & Rescue Authority (1%), and partly on its own account (99%). As with council tax, the cash collected belongs proportionately to Dudley as the billing authority, and to central government and the Fire & Rescue Authority as preceptors. This gives rise to a debtor or creditor position for the difference between cash collected from taxpayers and cash paid to preceptors under regulation.

21. Cash and Cash Equivalents

Cash in hand, cash in bank, and cash in call accounts, are counted as cash equivalents, as readily converted to a fixed amount of cash.

22 Heritage Assets

The Council's Heritage Assets are held in support of the objectives of increasing knowledge, understanding and appreciation of the Borough's history and the local area. 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 some relaxations shown below.

Asset type	Accounting Treatment
Collections of art, glass, geological items and related archive materials held in the museums	Insured value which is based on market values.
Local archive collections held in the new Archive Centre in Tipton Road.	Not included in the accounts, as there is neither acquisition cost nor value associated with most of these items.
Historic Landscapes, particularly The Leasowes, and Wrens Nest National Nature Reserve.	Held at cost, which largely consists of recent works of restoration and development.
Statues and other art works in parks and public spaces, art works associated with road schemes, war memorials	Held at an internal valuation, where the value can be reasonably estimated, or at cost if that is known.
Local nature reserves which are also public parks, such as Saltwells and Fens Pools.	Treated as operational assets, not as heritage assets.

23 Accounting for Schools

In line with accounting standards and the Code on group accounts and consolidation, all maintained schools in the borough are now considered to be entities controlled by the council. Rather than produce group accounts the income, expenditure, assets, liabilities, reserves and cash flows of each school are recognised in the council's single entity accounts.

Academies are not maintained schools in the council's control. The land and building assets are not owned by the council and not included on the council's balance sheet.

24 Prior Period Adjustments

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, that is, in the current and future years affected by the change and do not give rise to a prior period adjustment.

Material errors in prior periods are corrected retrospectively by amending opening balances and comparative amounts for the prior period. A full disclosure as to the nature, circumstance and value of the adjustment will be disclosed in the notes to the accounts.

Note 33: Accounting Standards that have been issued but have not yet been adopted

The International Financial Reporting Standard 16 (IFRS16 *Leases*) was issued by the International Accounting Standards Board in January 2016 with a mandatory effective date for bodies outside the public sector of 1st January 2019. The implementation of this standard has been delayed for local authorities until 1st April 2024. At present we do not believe the impact of this standard on the Council's 2023/24 accounts will be significant, but work has begun 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 within Note 37.

Note 34: Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in [Note 32](#) to the statements, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

1. The Council has assessed the legal framework underlying each type of school and determined the treatment of non-current assets within the financial statements on the basis of whether it legally owns or has some responsibility for, control over or benefit from the service potential of the premises and land occupied

The council has assessed the legal framework for each school to determine the accounting treatment of school land and buildings. The council has considered its accounting arrangements for each school, on a case-by-case basis, under the terms of:

- a. IAS16 – Property, plant, and equipment
- b. IAS17 – Leases
- c. IFRIC 4 – Determining whether an arrangement contains a lease
- d. LAAP Bulletin 101 – Accounting for Non-Current Assets used by the local authority

Schools are only included in the balance sheet in so far as the Council has legal ownership, or if ownership is with a trust which must allow the premises to be used by the school. Thus, voluntary aided schools and some of the voluntary controlled schools are excluded, although they are used in providing education within the Borough.

All maintained schools in the borough are now considered to be entities controlled by the council. Rather than produce group accounts the income, expenditure, assets, liabilities, reserves, and cash flows of each school are recognised in the council's single entity accounts.

The list of maintained schools held on / off the Council's balance sheet at 31st March 2023 is shown in the following table:

	On Balance Sheet	Off Balance Sheet
Maintained Schools:		
Community	47	
Foundation Schools	1	3
Voluntary Controlled *	2	1
Voluntary Aided		5
Total Maintained Schools	50	9
Academies		48
Total Schools	50	57

2. The Better Care Fund was introduced to drive the transformation of local services and to be operated through pooled budget arrangements between the council and the NHS Black Country Integrated Care Board (ICB). The Council has applied the principle of substance over form so that the level of expenditure allocated to each partner reflects the degree of control and influence over that spend during the year (the 'substance') rather than allocating on the basis of control and influence outlined in the BCF agreement (the 'form') In accounting for the pooled resources, activity where funding was received and expended under the control of the Council has been accounted for in its accounts.

NHS Black Country ICB spent an additional £13m on BCF schemes which were controlled by them and are accounted for in the NHS Black Country ICB accounts. These included District Nursing teams, Intermediate Care, Acute Rehabilitation and various other schemes. Dudley MBC made no financial contribution to these schemes. A combined total of £64m was spent against the Dudley Better Care Fund.

3. Private Finance Initiative (and Similar Contracts). The Council has assessed that the Paragon PFI scheme and its Waste Disposal Contract and have concluded that as the Council is deemed to control the services provided and to control the residual value of the assets at the end of the contract. The accounting policy for PFI's and similar contracts has been applied to these arrangements and the assets are recognised as Property, Plant and Equipment in the Council's Balance Sheet. Further information regarding these PFI contracts are included within [Note 38](#).

Note 35: 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. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31st March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- Pensions Liability. Estimation of the net pension liability to pay pensions (calculated in accordance with IAS 19) 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. (Details of the assumptions used are given in [Note 28](#)). New information can lead to changes to these judgements, which could lead to material adjustments.

At 31st March 2023, the net asset for pensions was £9.8m. In line with IFRIC14 we have adjusted this to zero (being the lower of the surplus value of the defined benefit plan and the asset ceiling calculation).

The effect on the liability of changes in individual assumptions would be as follows.

	£m
-0.1% per annum discount rate	+26.5
+0.1% per annum pension increase	+23.3
+0.1% long term salary increase	+3.6
1 year increase in life expectancy	+59.5

- Valuation of Council dwellings and other land and buildings. All Council dwellings were revalued as at 31st March 2023. A large proportion of other land and buildings and surplus assets (and all assets held for sale) were also revalued as at 31st March 2023. The valuations are heavily sensitive to assumptions and are influenced by economic circumstances that can change significantly year on year. There wouldn't be one assumption that would affect all assets and therefore sensitivity analysis in this area would not be possible for this.

Note 36: Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Finance and Legal Services on 13th September 2023. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31st March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 37: Leases

Council as Lessee, i.e., paying for use of assets

Finance Leases

Dudley has acquired a number of buildings under finance leases.

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

Assets Acquired	31 March 2023 £'000	31 March 2022 £'000
Other Land and Buildings	999	1,038
Vehicles, Plant, Furniture and Equipment	0	0
Total	999	1,038

Dudley is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by Dudley and finance costs that will be payable by Dudley in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

Cash Flows	31 March 2023 £'000	31 March 2022 £'000
Finance lease liabilities (net present value of minimum lease payments):		
Current	219	203
Non-Current	4,749	4,968
Finance costs payable in future years	3,783	4,173
Minimum lease payments	8,751	9,344

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

Actual Minimum Lease Payments and Associated Liabilities	Minimum Lease Payments		Finance Lease Liabilities	
	31-Mar 2023 £'000	31-Mar 2022 £'000	31-Mar 2023 £'000	31-Mar 2022 £'000
Not later than one year	593	593	219	203
Later than one year and not later than five years	2,486	2,565	1,033	1,033
Later than five years	5,672	6,186	3,716	3,935
Total	8,751	9,344	4,968	5,171

Operating Leases

The Council has rented a number of properties by entering into operating leases.

The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2023 £'000	31 March 2022 £'000
Not later than one year	359	496
Later than one year and not later than five years	215	541
Later than five years	40	60
Total Minimum lease payments	615	1,097

The expenditure charged to service lines in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	31 March 2023 £'000	31 March 2022 £'000
Minimum lease payments	487	582
Total Minimum lease payments	487	582

Council as Lessor i.e., receiving rents for assets

Finance Leases

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2023 £'000	31 March 2022 £'000
Not later than one year	323	96
Later than one year and not later than five years	1,292	1,616
Later than five years	4,618	4,618
Total Minimum lease payments	6,233	6,330

Operating Leases

The Council leases out property and equipment under operating leases for the provision of community services, such as sports facilities, tourism services and community centres and for economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2023 £'000	31 March 2022 £'000
Not later than one year	1,333	1,428
Later than one year and not later than five years	3,140	2,785
Later than five years	33,485	30,073
Total Minimum lease payments	37,958	34,286

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

Note 38: PFI and Similar Contracts

Summary information for PFI and similar contracts is given below for continuing schemes. The figures given on future liabilities assume full performance; failure of performance will attract penalties from the contractors.

Paragon

This project is a Design, Build, Finance and Operate (DBFO) scheme to provide two schools (Colley Lane Primary and The Summerhill). The contract with the operator Newmount covers 27 years and expires in 2031. During 2017-18 Colley Lane School converted into an academy school and transferred to the Windsor Academy Trust. The transfer did not result in any fundamental changes to the PFI contract itself, however, the value of the school's land and buildings was removed as a disposal from the Council's balance sheet.

Waste to Energy Plant

The Council contracted out its waste disposal service to Dudley Waste Services Ltd in 1996 which included the Design, Build, Finance and Operation of a waste to energy plant at the Lister Road Depot. The plant has been operational since 1998 and processes most of the waste collected by the Council. The Waste Disposal Contract covered operation of the plant for 25 years and expired in 2023 when ownership of the plant transferred to the Council. The operator is obligated to use the plant primarily for Dudley's waste although it does receive waste from other sources.

The balance sheet movements and entries for Paragon and the Waste to Energy Plant are detailed below:

	Paragon Schools		Waste to Energy Plant	
	2022/23	2021/22	2022/23	2021/22
	£'000	£'000	£'000	£'000
Cost or Valuation				
At 1 April	25,290	24,213	7,794	7,528
Additions	235	40	0	0
Revaluations		1,037		266
At 31 March	25,525	25,290	7,794	7,794
Depreciation				
At 1 April	0	0	(1,072)	(536)
Written off on revaluation		414		43
Charge for the year	(434)	(414)	(595)	(579)
At 31 March	(434)	0	(1,667)	(1,072)
Balance Sheet amount at 31 March	25,091	25,290	6,127	6,722

PFI Finance Lease Creditor Liabilities

	Paragon Schools		Waste to Energy Plant	
	2022/23	2021/22	2022/23	2021/22
	£'000	£'000	£'000	£'000
At 1 April	7,483	8,101	1,747	3,576
Principal Repaid in Year	(588)	(618)	(1,747)	(1,829)
Balance Sheet amount at 31 March	6,895	7,483	0	1,747

Breakdown of PFI Finance Lease Creditor Liabilities

	Long Term		Current	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Paragon	6,361	6,896	534	588
Waste to Energy Plant	0	0	0	1,746
	6,361	6,896	534	2,334

The carrying value of the PFI liabilities is recorded at amortised cost in the balance sheet. Their fair value is disclosed in Note 19.

The breakdown of the unitary payment (or equivalent) into service charges, repayment of principal and finance costs for the life of the schemes are detailed below. The unitary payments and service charges have been uplifted for inflation.

Payments for Paragon Schools

Period	Unitary Payment	Service Charges	Repayments of Liability	Finance Costs	Contingent Rents
	£'000	£'000	£'000	£'000	£'000
Within One Year	4,108	2,730	534	393	450
2-5 years	17,164	10,177	3,215	1,189	2,583
6-10 years	15,223	9,225	3,146	365	2,487
11-15 years	0	0	0	0	0
Total	36,495	22,132	6,896	1,947	5,519

Note 39: Investments in Companies**Birmingham Airport**

The Council's shareholding investment in Birmingham Airport Holdings Ltd cost £7.675m. It is revalued annually using an earnings-based approach. The latest valuation for Dudley's 5.58% ordinary shareholding and 11% preference shareholding is £32.302m; see also [Note 19](#).

Dudley and West Midlands Zoological Society Limited

Dudley Council holds all the shares in a company known as Dudley and West Midlands Zoological Society Limited (Registered address: Dudley Zoo Offices, Castle Hill, Dudley, West Midlands, DY1 4QF). This company is engaged in zoological activities, and, through a wholly owned subsidiary, the provision of catering services, the operation of gift shops, and related activities on the Dudley Zoo site.

The company's financial position for its two most recent accounting periods is summarised below. The figures are based on the latest accounts of the company, copies of which can be obtained from the Society at the above address.

	Year Ended 31 December 2022 £'000	Year Ended 31 December 2021 £'000
Totals Assets Less Liabilities	6,485	6,083
Surplus or (Loss) on Ordinary Activities	402	1,681
Status of Accounts	Audited	Audited

The Company and its subsidiary are dependent for financial support on the Council. The Council is committed to provide support to ensure its ability to continue to trade.

New Heritage Regeneration Limited

The Council had a maximum of 20% of the voting rights in this company limited by guarantee. (Registered address: Dudley MBC, 4 Ednam Road, Dudley, West Midlands, DY1 1HL). It was established in August 2008 as a project management agent, liaising with the private sector to deliver the social, environmental and economic regeneration aspirations of the Council. It does not itself engage directly in regeneration activity such as acquisition and disposal of property or works.

The company's accounts for the period ended 31st March 2023 are not yet available. However, the total amount paid by the Council for the company's services included in the Council's Income and Expenditure account for 2022/23 was £0.456m (£0.347m in 2021/22). The company's financial position for the year ended 31st March 2022 is summarised below. The company was dissolved at the end of the 2022/23 financial year.

	Year Ended 31 March 2022 £'000	Year Ended 31 March 2021 £'000
Turnover	347	352
Cost of Sales	(322)	(330)
Gross Profit	25	22
Status of Accounts	Unaudited	Audited

Dudley & Kent Commercial Services Ltd trading as Connect2Dudley

Dudley & Kent Commercial Services Ltd is a private company limited by shares, domiciled and incorporated in England and Wales. The registered office is 1 Abbey Wood, Kings Hill, West Malling, Kent, United Kingdom, ME19 4YT. The company is jointly controlled by Dudley Metropolitan Borough Council and Commercial Services Kent Limited. The Company was incorporated on 11 May 2022 and commenced trading on 1 September 2022.

	Part Year Ended 31 March 2023 £'000
Total Assets less Liabilities	(244)
Turnover	6,351
Cost of Sales	(6,274)
Gross Profit	77
Status of Accounts	Unaudited

Group Accounts

Dudley Council does not prepare group accounts, as the effect on the standing of the Council of the three related companies above is not material.

Note 40: Trust Funds

The Council acts as trustee for the various funds detailed below. These funds have not been consolidated in the accounts of the Council, to comply with the Accounting Code of Practice.

	Balance at 31st March 2023	Expenditure & Other Losses 2022/23	Income & Other Gains 2022/23	Balance at 31st March 2022	Expenditure & Other Losses 2021/22	Income & Other Gains 2021/22	Balance at 31st March 2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Stevens Trust - provides amenities in Stourbridge & Lye	3,576	(823)	812	3,587	(771)	803	3,555
Children's' Services Funds	121	12	3	106	(25)	43	88
Housing Leaseholder Funds	1,132	(254)	504	882	(506)	546	842
Adult and Community Funds - mainly held on behalf of residents	6,557	2	564	5,991	(762)	16	6,737
Other Funds	1,349	(342)	461	1,230	(165)	236	1,159
Total	12,735	(1,405)	2,344	11,796	(2,229)	1,644	12,381

The Ernest Stevens Trust comprises 4 separate trusts. Only the Stevens Park & Recreation Ground Foundation has investments which generate income. It also has land & property valued at £0.491m at 31st March 2021 in accordance with the RICS Appraisal & Valuation manual. The other 3 trusts have land & property valued on a similar basis totalling £2.455m at 31st March 2021.

In compliance with the Statement of Recommended Practice for Charities, the accounts of the Stevens Trust show investments and property at appropriate current value. This has not resulted any significant unrealised gain or losses.

The Council is the Trustee of several trusts which administer public open spaces. The only assets of these trusts are the land and property concerned and no value is included in the table above.

HOUSING REVENUE ACCOUNT INCOME & EXPENDITURE STATEMENT

This reflects a statutory obligation to account separately for local authority housing provision. It shows the major elements of housing revenue expenditure - maintenance, administration, and capital financing costs - and how these are met from rents, subsidy, and other income. The layout of this account is a HRA Income and Expenditure Statement, followed by a Movement on the HRA Statement. These accounts are fully included within the main Movement in Reserves Statement and the Comprehensive Income and Expenditure Statement.

	2022/23	2021/22
	£'000	£'000
Income		
Dwellings Rent	(90,230)	(87,620)
Non-Dwellings Rent	(762)	(741)
Charges for services and facilities	(210)	(268)
Contribution towards expenditure	(4,133)	(2,216)
Total Income	(95,335)	(90,845)
Expenditure		
Repairs & Maintenance	31,852	29,127
Supervision and Management inc. Special Services	24,795	23,628
Rent, Rates, Taxes & Other Charges	1,247	1,115
Movement in Impairment Allowance	278	189
Depreciation & Revaluation of Property	24,065	8,458
Debt Management Costs	93	78
Total Expenditure	82,330	62,595
Net of (Income) & Expenditure	(13,005)	(28,250)
HRA share of Corporate & Democratic Core	491	406
Cost of Services but not allocated to specific services	0	0
Net Cost of HRA services	(12,514)	(27,844)
(Gain)/loss on sale of HRA non-current assets	(4,456)	(3,714)
Interest payable & similar charges	17,095	17,283
HRA Investment Income (including Mortgage Interest)	0	0
Interest and administration cost of pensions	2,501	2,528
Recognised capital grants and contributions	(7,504)	(4,946)
(Surplus)/Deficit for the year of HRA services	(4,878)	(16,693)

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, based on which rents are raised, is shown in the Movement on the HRA Statement.

A proportion of receipts from the sale of council houses is contributed to a national pool. This contribution is shown in the Comprehensive Income and Expenditure Statement.

Movement on the HRA Statement

	2022/23		2021/22	
	£'000	£'000	£'000	£'000
Balance on the HRA at the end of the previous year		(4,260)		(3,615)
(Surplus) or deficit for the year on the HRA Income and Expenditure Account	(4,878)		(16,693)	
Adjustments between accounting basis and funding basis under statute	3,135		16,048	
Net decrease before transfers to or from reserves	(1,743)		(645)	
Transfers to or (from) earmarked reserves	881		0	
(Increase) / Decrease in year on the HRA balance		(862)		(645)
Balance on the HRA at end of the current year		(5,122)		(4,260)

Note 1: Adjustments between accounting basis and funding basis under statute

This note shows the adjustments which are needed to determine the final balance on the statutory account.

	2022/23	2021/22
	£'000	£'000
Charge for depreciation, impairment and amortisation of non-current assets, plus capital expenditure funded from revenue under statute, net of Major Repairs Allowance and recognised capital grants	(7,493)	(21,363)
(Gain) / loss on sale of HRA non-current assets	(4,455)	(3,714)
Disposal costs charged to capital receipts	222	247
HRA share of contributions to or from the Pensions Reserve (net figure)	8,591	9,782
Voluntary Revenue Provision	0	0
Capital expenditure funded by the HRA	0	(1,000)
Total	(3,135)	(16,048)

Note 2: Housing Stock

The Council was responsible for managing on average 21,153 dwellings during 2022/23. The stock at the year-end was made up as follows:

	31 March 2023	31 March 2022
Traditional Houses and Bungalows	12,616	13,087
Non-traditional Houses and Bungalows	1,052	1,071
Flats	7,401	7,079
Total Stock	21,069	21,237

The change in stock can be summarised as follows:

	2022/23	2021/22
Stock at 1st April	21,237	21,397
Less: Sales, demolitions etc.	(172)	(200)
Add: New build properties / Acquisitions	4	40
Stock at 31st March	21,069	21,237

Note 3: Plant Property and Equipment

Total Balance sheet value of land, houses & other property within the HRA.

	31 March 2023 £'000	31 March 2022 £'000
Operational Assets, comprising:		
Dwellings	1,092,023	994,447
Other Land & Buildings	4,924	3,913
	1,096,947	998,360

The vacant possession value of dwellings within the council's HRA at 31st March 2023 was £2.736m compared with a social housing value of £1.094m. The difference between these two values shows the economic cost to Government of providing council housing at less than open market rents.

Note 4: Major Repairs Reserve Movement

	2022/23 £'000	2021/22 £'000
Balance on the Major Repairs Reserve at start of year	0	0
Amount transferred to the Major Repairs Reserve during the financial year	24,065	24,885
Debits to the Major Repairs Reserve during the financial year in respect of capital expenditure on the land, houses & other property within the council's Housing Revenue Account	(24,065)	(24,885)
Balance on the Major Repairs Reserve at end of year	0	0

Note 5: Capital Expenditure

Summary of total accrued capital expenditure on land, houses & other property within the HRA during the financial year by sources of funding.

	2022/23 £'000	2021/22 £'000
Borrowing	4,564	0
Usable Capital Receipts	21,725	7,576
Revenue Contribution	0	1,000
Major Repairs Reserve	24,065	24,885
Grants & Leaseholders' Contributions	7,504	4,947
Total Capital Expenditure / Funding	57,858	38,408

Note 6: Capital Receipts

Summary of total capital receipts from disposals of land, houses & other property within the Housing Revenue Account during the financial year.

	2022/23	2021/22
	£'000	£'000
Net Capital Receipts		
Dwellings	13,318	13,337
Other land & buildings	325	458
Total	13,643	13,795

Note 7: Depreciation

The total charge for depreciation within the Housing Revenue Account.

	2022/23	2021/22
	£'000	£'000
Depreciation - Dwellings	23,952	24,718
Depreciation - Other land & buildings e.g. Shops	113	154
Total	24,065	24,872

Note 8: Revaluation and Impairment Losses

	2022/23	2021/22
	£'000	£'000
The value of revaluation gains/(losses) for the financial year in respect of land, houses & other property charged to the council's Housing Revenue Account	0	16,415
Total	0	16,415

Note 9: Rent Arrears

	31 March	31 March
	2023	2022
	£'000	£'000
Current Tenants	2,249	2,242
Former Tenants	1,224	1,462
Total	3,473	3,704

There is an impairment allowance in respect of potentially uncollectable rent arrears. The value of this allowance was £1.769m at 31st March 2023 (£2.001m at 31st March 2022).

COLLECTION FUND

This shows the transactions of Dudley as a billing authority in relation to non-domestic rates and council tax and illustrates the way in which these have been distributed to precepting authorities and to Dudley's General Fund.

	Business Rates		Council Tax	
	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000
		Restated		
Council Tax (net of exemptions and reliefs)			(165,945)	(159,496)
Business Rates (net of exemptions and reliefs)	(76,320)	(73,984)		
Total Income	(76,320)	(73,984)	(165,945)	(159,496)
Precepts, Demands and Shares:				
West Midlands Police & Crime Commissioner			17,590	16,299
West Midlands Fire & Rescue Authority	809	411	6,380	5,787
Dudley MBC General Fund	80,167	84,170	140,111	133,158
	80,976	84,581	164,082	155,244
Business Rates Cost of Collection allowance	396	399		
	396	399	0	0
Increased/(Decreased) Provision for Doubtful Debts:	(430)	(943)	780	2,806
Write Offs	327	993	226	206
Increased Provision for Appeals	713	0		
	610	50	1,006	3,012
Transfer to General Fund & Preceptors - Prior Year's Estimated Surplus/(Deficit)	(4,483)	(46,710)	306	(2,343)
Total Expenditure	77,499	38,320	165,394	155,913
Collection Fund Surplus (Deficit) for the year	(1,179)	35,664	552	3,583
Surplus / (Deficit) at 1st April brought forward	(2,865)	(38,529)	(46)	(3,629)
Total Collection Fund Surplus (Deficit) at 31st March	(4,044)	(2,865)	506	(46)
Surplus (-) Deficit (+) to be distributed to preceptors	40	29	(74)	7
Dudley MBC Collection Fund Surplus/(Deficit)	(4,004)	(2,836)	432	(39)

Note 1: Council Tax

Council tax charges are calculated by estimating the amount of income required from the Collection Fund by the Council and precepting authorities for the forthcoming year and dividing this by the Council Tax base (*i.e.*, the equivalent number of B and D dwellings). The Council Tax base for 2022/23 was 94,738.32 calculated as follows:

Number of Dwellings (adjusted for discounts, exemptions etc)	Multiplier	Band D Equivalent
75.18	5/9	41.77
28,340.67	6/9	18,893.78
31,612.47	7/9	24,587.48
26,418.79	8/9	23,483.37
14,660.53	9/9	14,660.53
6,537.23	11/9	7,989.95
2,328.93	13/9	3,364.00
899.99	15/9	1,499.98
108.73	18/9	217.46
Total Band D equivalent		94,738.32
Assumed Collection Rate		98.5%
Net Band D equivalent		93,317.25

Note 2: National Non-Domestic Rates (Business Rates)

Non-Domestic Rates are collected locally on the basis of a nationally determined rate in the pound of 51.2p (or 49.9p if the property qualifies for small business relief) for 2022/23, charged on the rateable value of the property. The Council is responsible for collecting rates due from ratepayers in its area. Under the Business Rates Retention programme, the Council retains 99% of the income, and 1% goes to the Fire and Rescue Authority.

Total non-domestic rateable value at 31st March 2023 was £229.464m (31st March 2022 = £229.923m). The amount collectable by the Council is less, by the net amount of Transitional Relief and other allowances, than the product of the non-domestic rateable value and the poundage.

Note 3: Write Offs

Following every effort to recover monies due, some debts are eventually deemed to be uncollectable and are written off. In 2022/23 the following sums were written off:

Council Tax	£0.226m (2021/22 £0.206m)
National Non-Domestic Rates	£0.327m (2021/22 £0.993m)

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities:

The Council is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. This council has designated the Chief Officer (Finance and Legal) as the responsible officer.
- to manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.
- to approve the Statement of Accounts.

APPROVAL OF THE STATEMENT OF ACCOUNTS

I confirm approval of these accounts which were considered by Dudley Metropolitan Borough Council's Audit and Standards Committee at the meeting held on 18th December 2023.

Signed on behalf of Dudley Metropolitan Borough Council:

Councillor Angus Lees,
Chair of the Audit and Standards Committee

Date:

The Director of Finance and Legal Services' Responsibilities:

The Director of Finance and Legal Services is responsible for the preparation of the council's Statement of Accounts which, in terms of the Code of Practice on Local Authority Accounting in the United Kingdom, is required to present a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31st March 2023.

CERTIFICATE OF THE DIRECTOR OF FINANCE AND LEGAL SERVICES

I certify that in preparing this Statement of Accounts:

- I have selected suitable accounting policies and applied them consistently,
- I have made reasonable and prudent judgements and estimates,
- I have complied with the Code of Practice on Local Authority Accounting in the United Kingdom.

I have also kept proper and up-to-date accounting records and taken reasonable steps for the prevention and detection of fraud and other irregularities.

The accounts set out in the following pages give a true and fair view of the financial position of Dudley Metropolitan Borough Council at 31st March 2023, and its income and expenditure for the year then ended.

I authorise this Statement of Accounts for issue on the date below. This is the date up to which events after the balance sheet date have been considered for their possible effect on the accounts.

Iain Newman,
Director of Finance and Legal Services

Date:

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DUDLEY METROPOLITAN BOROUGH COUNCIL**

Report on the Audit of the Financial Statements

Not yet available



Annual Governance Statement

2022/23

Annual Governance Statement

1. Scope of Responsibility

- 1.1 Dudley Metropolitan Borough Council is responsible for ensuring that its business is conducted 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 council also has a duty under the Local Government Act 2000 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.
- 1.2 In discharging this overall responsibility, the council is responsible for putting in place proper arrangements for the governance (including the system of internal control) of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- 1.3 The purpose of the Annual Governance Statement (AGS) is to explain how the council has endeavoured to deliver good governance through the arrangements in place during the period covered and how the council has reviewed the effectiveness of these arrangements. It also meets the requirements of Regulation 6 of the Accounts and Audit Regulations 2015 to undertake a review of the effectiveness of internal control and publish an AGS. The AGS covers the financial year 2022/23 and the subsequent period up to the sign off of the 2022/23 Statement of Accounts and therefore governance issues up to the date of approval of the audited accounts need to be considered.
- 1.4 The AGS should be read in conjunction with the council's Code of Corporate Governance. The Code of Corporate Governance provides details of the framework the council has put in place to meet the principles of effective governance as prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) in their guidance "Delivering Good Governance in Local Government".

2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the arrangements (including political, economic, social, environmental, administrative, legal, and other arrangements) put in place to ensure that the intended outcomes for stakeholders are defined and achieved. It places the

attainment of sustainable economic, societal and environmental outcomes as a key focus of governance structures and processes and stresses the importance of taking account of the impact of current decisions and actions on future generations.

- 2.2 Risk management and internal control are a significant part of the governance framework and are designed to manage risk to a reasonable level. They cannot eliminate all risk of failure to achieve objectives and priorities and can therefore only provide reasonable and not absolute assurance of effectiveness.
- 2.3 The systems of risk management and internal control are based on an ongoing process designed to identify and prioritise the risks to the achievement of the council's objectives and priorities, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

3. The Governance Framework

- 3.1 Dudley MBC's governance framework comprises the strategies, plans, policies, procedures, systems and processes and values and behaviours that assist the council in delivering its strategic objectives/priorities and provide services in an appropriate and cost-effective way.
- 3.2 The full Council is ultimately responsible for the development and maintenance of the governance environment. Responsibility is delegated down via the Constitution to Cabinet, other Member Committees and Officers (See **Appendix A** for a description of the council's structure).

The key statutory positions in relation to governance are:

- Head of Paid Service (Chief Executive) who must ensure that the council is properly organised and staffed,
- Monitoring Officer (Lead for Law and Governance) who must ensure the lawfulness and fairness of decision making,
- Section 151 Officer/Chief Finance Officer (Director of Finance and Legal Services) who must ensure the lawfulness and financial prudence of decision making and the proper administration of the council's financial affairs,
- Head of Internal Audit (Head of Audit and Risk Management Services) who is responsible for delivering an annual opinion on

the effectiveness of the framework of governance, risk management and internal control,

- Statutory Scrutiny Officer (Democratic Services Manager), who promotes and provides support to the council’s overview and scrutiny functions and gives advice to Members and Officers on these functions.

3.3 The Council’s governance framework is detailed in a Code of Corporate Governance that is updated on an annual basis. The Code of Corporate Governance is based on the 7 principles detailed in the CIPFA/SOLACE guidance “Delivering good governance in Local Government”:

- Behaving with integrity, demonstrating strong commitment to ethical values,
- 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 the risks and performance through robust internal controls and strong public financial management,
- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

[Code of Corporate Governance](#)

4. **Review of Effectiveness**

4.1 **General Overview**

4.1.1 Many senior managers in the council have contributed in determining the effectiveness of the council’s systems and processes and the Annual Governance Statement has been discussed and challenged by Strategic Executive Board. Assurance on the effectiveness of systems and processes comes from many sources such as Internal Audit, Strategic Executive Board, Members through full Council, Cabinet, Committees particularly Audit and Standards Committee and Scrutiny Committees, the work of council support services, risk and performance management systems, quality systems, corporate groups and individual Managers. The following sections detail some

important elements of the council's governance framework, how effectiveness is determined for these areas and what key outcomes have been delivered.

4.2 **Internal Audit and Fraud**

- 4.2.1 Audit and Risk Management Services is the only internal source of independent assurance on the adequacy and effectiveness of governance, risk management and control processes within the council.
- 4.2.2 The Head of Audit and Risk Management Services reports to the Director Finance and Legal Services (Section 151 Officer) who is a permanent member of Strategic Executive Board. He oversees the performance of the service on a day to day basis.
- 4.2.3 The work of internal audit is monitored by Audit and Standards Committee, who approve the annual audit plan and receive regular monitoring reports. Audit Services completed 93% of the 2022/23 audit plan.
- 4.2.4 Audit and Risk Management Services are required to comply with the Public Sector Internal Audit Standards (PSIAS) and one of its requirements is for an external quality assessment against the standards to be undertaken every five years. Audit and Risk Management Services had an external assessment in March 2020 and were found to meet the standards and also compared favourably with other public and private sector providers.
- 4.2.5 The Head of Audit and Risk Management Services is required by Public Sector Internal Audit Standards to deliver an annual report which contains an internal audit opinion. The internal audit opinion must conclude on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.
- 4.2.6 This opinion is based upon the work carried out by Audit and Risk Management Services during 2022/23 and any other significant assurance received by the Council. It must be acknowledged, however, that it is not possible to review all aspects of governance, risk management and control within a single year.

In giving the opinion it should be noted that assurance can never be absolute and the most that internal audit can provide is reasonable assurance that there are no major weaknesses in the council's

governance, risk management and control processes. In assessing the level of assurance, the following have been taken into account:

- All internal audit reviews undertaken including consultancy for the year ending 31st March 2023,
- Follow up reviews undertaken on High priority actions and audits that have been given a Minimal assurance rating,
- Continuing work being undertaken by Management to respond to actions arising from internal audit work,
- Whether any Critical or High priority actions have not been accepted by Management,
- Any other assurance opinion given by other providers that Audit Services have relied upon.

4.2.7 The Head of Audit and Risk Management Services opinion is as follows:

“I am satisfied that sufficient assurance work has been carried out to allow me to form a reasonable conclusion as to the adequacy and effectiveness of Dudley MBC’s overall internal control environment and there has been no limitations to the scope of our activity or resource constraints imposed on Audit and Risk Management Services which have impacted on our ability to meet the full internal audit needs of the council. Taking into account what is detailed in paragraph 4.2.6, for the 12 months ended 31st March 2023, I am able to provide ‘Reasonable’ assurance on Dudley MBC’s framework of governance, risk management and internal control, which is required in order to achieve the council’s priorities. The main concerns which I am required to bring to your attention are:

- The Regulator of Social Housing has concluded that the Council has breached the Home Standard and as a consequence there was the potential for serious detriment to tenants. This followed a self-referral from the Council to the regulator after the identification of a failure to be able to evidence statutory health and safety requirements in some of its homes. The Council had found that gas, fire, electrical and asbestos safety checks may not have been completed for every property that needed one. Also, a high number of fire remedial actions in the communal areas of its blocks were overdue.
- An Ofsted inspection in October/November 2022 (report issued January 2023) concluded “there has been an overall decline in the quality of services for children in Dudley since the last

inspection in 2018. Children in Dudley are not receiving consistently effective services to improve their lives. Senior leaders and elected members understand the main challenges they face to improve the experiences of their most vulnerable children, particularly in securing a stable and strong workforce. However, the response to these challenges is too slow. Political leaders do not give sufficient priority to the needs of vulnerable children, as frontline workforce capacity continues to be a huge factor preventing improvement”.

- Issues have been identified with the Council’s approach to managing programmes, projects and contracts.

4.2.8 The council has a dedicated Corporate Fraud Manager, who is a qualified fraud investigator with many years’ experience in this area. He is responsible for delivering against the Fraud Action Plan (which is made up of four elements: Prevent, Detect, Investigate and Resolve) and maintaining the fraud risk register. The council also maintains a Housing Fraud Team.

4.2.9 Regular reports on fraud activity are presented to Audit and Standards Committee.

4.2.10 The Annual Fraud Report details that during the period 1st January 2021 to 31st December 2022 the Corporate Fraud Manager completed 12 investigations of which 6 fraud/other inappropriate behaviour was established. There were also 22 cases in progress as at the 31st December 2022.

4.2.11 During the period 1st January 2022 to 31st December 2022 the Housing Fraud Team completed investigations into 395 referrals of which 32 were found to involve fraud. The notional saving to the council was approximately £588,120.

4.3 **Risk Management**

4.3.1 A new Risk Management Framework was approved by Audit and Standards Committee in April 2021. The new Framework brought in some significant changes including the identification of Gross and Target risks and a defined risk appetite level. However, it is acknowledged that due to the significance of the changes and the resources available to support the process, the Risk Management Framework will take time to embed.

- 4.3.2 Following approval of the Framework, briefings were given to Directorate Management Teams and risk identification workshops have been held.
- 4.3.3 The risk report that was presented to Strategic Executive Board in March 2023, had risks defined and rated in accordance with the Framework. This showed the following risk areas were rated as ‘Very High’ at the net/residual level, which is above the council’s risk appetite:
- Recruitment and Retention of staff
 - Contract Management
 - Statutory building safety and compliance responsibilities
 - Budget Management
 - Programme Management
 - Regeneration Benefits

For each of these risks further controls have been identified, and once effectively implemented the risk rating will fall below risk appetite. Further information on each of these areas is included in Section 5 and 6.

- 4.3.4 Two risk management reports were presented to Strategic Executive Board and Audit and Standards Committee during 2022/23. For each of these meetings, Audit and Standards Committee selected a risk for discussion. This involved the officer responsible for the risk delivering a presentation on how the risk is being managed, which was then open to challenge by Members. During 2022/23 risks relating to Recruitment and Retention of staff and compliance with Contract Standing Orders/Procurement legislation were subject to Member challenge.
- 4.3.5 All Directors and Heads of Service who report directly to the Chief Executive have completed a Risk Assurance Protocol (RAP) for 2022/23. This provided management assurance that the Risk Management Framework is being adhered to, and risks are being identified and managed as required.

4.4 **Financial Management**

- 4.4.1 The Director of Finance and Legal is the officer designated under Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of the council’s financial

affairs. A review against CIPFA's statement on the Role of the Chief Financial Officer has been undertaken, which found all key requirements are being met.

- 4.4.2 The Council's Scrutiny Committees have a role in scrutinising the council's Medium Term Financial Strategy. The Capital Monitoring Programme is reported to all Cabinet meetings and the revenue position was reported to Cabinet four times during the year.
- 4.4.3 Directors, Deputy Chief Executive and Chief Executive have delegated authority to manage their budgets. They are each supported in this by a dedicated Finance Manager and a team of qualified staff who work closely to understand the business but are professionally accountable to the Section 151 Officer. The council showed an adverse variance of £7.6m against the original budget for 2022/23 mainly due to the pay award, energy costs, social care placements and trading income shortfalls.

4.5 Performance Management

- 4.5.1 The Council Plan (on a page) for 2022-25 was approved by Cabinet in February 2022 and sets out the strategic direction for the council for the next three years. The plan has 4 new priority areas:
- The borough of opportunity
 - A safe and healthy borough
 - The borough of enterprise and ambition
 - The destination of choice
- 4.5.2 The priorities have a clearer focus on our regeneration plans, our work to become a destination of choice for tourism, housing and educational needs and a place where communities can lead stronger, safer and healthier lives. The outcomes under each priority give our commitment that the council will constantly strive to improve the way we deliver services to meet the needs of local people.
- 4.5.3 The Council Plan on a page will be supported by a Strategic Council Plan document that provides more information on Dudley as a Local Authority and sets out our ambitions and priorities, the golden thread between the Borough Vision and our Council Plan and provides an overview of the governance processes in place.

Borough Vision 2030

- 4.5.4 At the heart of the Council Plan on a page is our Borough Vision – Forging a Future for All, which is built around seven aspirations and was developed with key partners and stakeholders. The aspirations for the Dudley Borough Vision by 2030 are:
- An affordable and attractive place to live with a green network of high-quality parks, waterways and nature reserves that are valued by local people and visitors,
 - A place where everybody has the education and skills they need, and where outstanding local schools, colleges, and universities secure excellent results for their learners,
 - Renowned as home to a host of innovative and prosperous businesses, operating in high quality locations with space to grow, sustainable energy supplies and investing in their workforce,
 - A place of healthy, resilient, safe communities where people have high aspirations and the ability to shape their own future,
 - Full of vibrant towns and local centres offering a new mix of leisure, faith, cultural, residential, and shopping uses,
 - Better connected with high quality and affordable transport, combining road, Metro, rail, and new cycling and walking infrastructure,
 - A place to visit and enjoy that drives opportunity, contributing to its ambitious future while celebrating its Pioneering past.
- 4.5.5 A Forging a Future Executive is established, made up of key agencies and stakeholders to deliver the aspirations in the Dudley Borough Vision 2030. The Forging a Future Executive responded to the pandemic by transitioning to become Dudley’s Covid-19 Strategic Partnership from April 2020.
- 4.5.6 Since 2021 the Executive has been working to review the aspirations in the Vision, running a series of workshop with strategic partners and stakeholder, and are now working on a performance framework to build greater synergies between partners priorities within their organisational plans and the collectively agreed aspirations of the Vision.
- 4.5.7 The Governance Structure for the Vision directly links into the workstreams of the council. Through the establishment of four Boards, whose role is to work jointly with partners to remove barriers, challenge and risk manage, the Executive provides effective

leadership. Each Board is accountable for an associated area of expertise:

- Dudley Health & Wellbeing Board
- Dudley Safe & Sound Partnership
- Dudley Employment and Skills Board
- Dudley Economic Growth Board

Directorate Planning

4.5.8 Each directorate has a Directorate Plan that aligns to the priority outcomes that the Council is striving to achieve and includes an assessment of how the service will contribute towards delivering these priorities along with a range of key performance indicators to enable the Council to keep track of progress.

Future Council Programme

4.5.9 The Future Council programme is our internal change programme that will help the organisation to continually improve and develop. There are 4 themes in this programme with each being a key enabler to supporting service areas and officers and include:

- People, delivered through the People Strategy
- Place, delivered through the Corporate Estates Strategy
- Digital, delivered through the Digital Road Map
- Process, delivered through a number of policies, processes and procedures

4.5.10 The programme reflects the need to build a council that is financially sustainable and fit for the future. This will be achieved through developing our people, improving our service delivery through digital innovation and investing in our facilities to ensure they are fit for the future.

Performance Monitoring

4.5.11 Performance management and monitoring is key in ensuring the priorities in the Council and Directorate plans are delivered. Quarterly Corporate Performance Reports are developed and reported and reviewed by Strategic Executive Board, Informal Cabinet, the Deputy and Shadow Deputy Leader and Future Council Scrutiny Committee.

4.5.12 Progress against Directorate performance score cards are monitored at monthly directorate management team meetings and circulated to directorate scrutiny committees for information and consideration.

4.5.13 A Performance Management Framework has been developed that ensures a consistent approach to the way service performance and quality is managed, monitored, reviewed and reported at all levels in the Council.

4.6 **Asset Management**

4.6.1 The council's Estate Strategy 2017 – 2022 sets out key objectives for its land and property estate. Proposed actions that materialise in the implementation of the Strategy are reflected in an action plan which is monitored by Corporate Landlord Services at regular estates meetings. For those proposed actions to progress into capital projects, their business cases must obtain approval at the council's Commercial Opportunities Group, Strategic Executive Board and Cabinet. Some projects that were identified in the strategy's work plan have been completed and some remain work in progress.

4.6.2 The Covid-19 pandemic changed the view on how council property is to be used in future, given the large number of staff who have successfully worked from home since that time. The new Estate Strategy 2023-2028 is currently work in progress and will take account of the learning and changes brought about by the pandemic, and some lessons that have been learned from the recent winter shut down of 2 main officer blocks, by ensuring a leaner estate is equipped to facilitate new workstyles. Various work is in progress to accommodate the Future Council.

4.7 **People Management**

4.7.1 A Corporate Workforce Analytics Report is presented to the Strategic Executive Board on a quarterly basis. This report provides a breakdown of the workforce including headcount, full time equivalents, proportion of full and part time workers and number of employees as identified by protected characteristics. The report also provides sickness absence rates, the rate of completion for Annual Review meetings with employees and other key workforce indicators that give individual directorates opportunity to identify trends and areas of improvement.

- 4.7.2 These reports are also provided to Directors on a monthly basis for consideration and discussion at directorate management team meetings. Human Resources Business Partners also discuss any key workforce issues at DMT's in Directorates offering advice to improve people processes and practices throughout the various service areas.
- 4.7.3 Sickness levels remain high for 2022-23 with the overall FTE days lost having increased by 1.96% when compared to last year. Short-term sickness has slightly decreased by 1.07% (from 16286 days lost to 16112); however, it is important to note that headcount has decreased by 2.05% in the same period, making short-term days lost per FTE effectively the same, with 4.06 days lost last year and 4.05 days lost this year. Conversely, long-term sickness has increased from 39623 to 40894 FTE days lost even with a decreasing headcount.
- Days lost per FTE is 14.33 – above the corporate target of 10.5 and is an increase compared to 13.94 in 2021-22.
 - Sickness for 'work-related stress' has increased by 37.6% since last year, 'non-work-related stress' has increased by 32.9% and 'post-op recovery' has increased by 48.3%.
 - Excluding absences for Covid-related reasons, sickness rates would be 7.7% higher in 2022-23 than in the previous year.
- 4.7.4 Turnover rate has continued to rise year-on-year from 9.30% last year to 12.44% this year (2022-23), with 420 new starters and 580 leavers. Children's Services have again seen the highest turnover with 104 leavers in 2022-23 (20.6% turnover rate).
- 4.7.5 A key aspect of the attendance management procedures is the completion of return-to-work interviews. The latest data available indicates that 94% of return-to-work interviews are being completed, which is the same completion rate of 94% from last year, both showing an improvement on the 91% in 2020-21.
- 4.7.6 The Council need to take note that although Return to work interviews and MARS are being completed, the data is showing that there is still a high turnover rate across the Council of employees leaving. This therefore indicates that further work needs to be done on engaging and retaining employees.
- 4.7.7 The Council has performed well in creating new apprenticeship starts, with a total of 873 starts since 2017. In 2022-2023 there has been a total of 112 starts; 98 apprentices are in directorates and 14

are in schools. During the past year, the Council have focused on investing in growing our own leaders. As a result, a total of 48 employees have started Leadership and Management apprenticeships from levels 3-7. The Council have also onboarded its first cohort of Coaching apprentices to enable our employees across the organisation to embed a coaching culture and develop a high performing workforce. The Council will now seek to further align our apprenticeship offer with our Workforce Planning strategy.

4.7.8 The Council's People Strategy approved by Cabinet in June 2022, has five key priorities being:

- Attract, Recognise and Retain Talent,
- Develop A High Performing Workforce,
- Deliver inspirational and effective leadership,
- Build a diverse, engaged, inclusive and healthy workforce,
- Foster a thriving learning culture which embraces change.

4.7.9 Workforce planning activity has been completed within directorates across the council during March and April 2023. The outcomes of this will feed into organisational level plans to address common themes, alongside the plans in place for actions to be undertaken at directorate and service level.

4.7.10 An independent review of the Council's People Policies has been commissioned and is currently underway. The purpose of this review being to modernise our people policies.

4.8 **Information Governance**

4.8.1 During a period of organisational change the Senior Information Risk Owner, Data Protection Officer and Caldicott Guardian have overseen the operation of information governance processes and compliance with the UK General Data Protection Regulations and Data Protection Act 2018. To ensure relevant skills are up to date, specific training targeted at Data Protection Officers, Caldicott Guardians and Senior Information Risk Owners, has been undertaken. The Information Governance Board is undergoing reform in order to suitably reflect the evolving organisation.

4.8.2 During the year the Corporate Information Governance Team have collaborated with Legal and Procurement Services, assisting in the drafting and development of new corporate contract templates reflecting the current position of Data Protection Law in the UK. They

have assisted in the development and review of 22 Data/Information Sharing Agreements with partners, undertaken and assisted with 37 Data Protection Impact Assessments, published and reviewed 11 Privacy Notices, received 1169 Freedom of Information requests, 678 Subject Access Requests and 80 Environmental Information Regulation requests. There were 144 suspected data breaches assessed for severity, with 7 being reported to the Information Commissioner resulting in: 6 with “no further action outcomes” and 1 with investigation currently ongoing.

- 4.8.3 The council has met to a “satisfactory” standard the requirements of NHS England’s Digital Data Security and Protection Toolkit, which has to be completed by public bodies that operate an Adult Social Care or Health function, on an annual basis.

During 2022/2023 the council worked with the Cabinet Office in line with accepted Public Sector Network (PSN) compliance (assurance) requirements and standards. The council is fully compliant with the PSN requirements with valid certification until 14th June 2023 and compliant with the Payment Card Industry Data Security Standards (PCI-DSS) with existing certification valid until 24th August 2023.

- 4.8.4 Work continues to be undertaken to ensure that the council is in compliance with UK General Data Protection Regulations whilst processing personal and special category data. This includes mandatory training and annual refresher training for all staff. The content of this training has been recently updated and refreshed to ensure it remains accurate and reflects the current compliance requirements. Targeted data protection assurance audits have been carried out on specific council service areas utilising the Information Commissioner’s (ICO) accountability framework. Routine benchmarking with members of the West Midlands Information Governance Forum, including neighbouring Local Authorities, is undertaken ensuring consistency and quality of approach.
- 4.8.5 A robust Information Governance framework is in place for the Council’s CCTV operation, with Data Protection Impact Assessments being required for the siting of all CCTV cameras that operate within Council buildings and across the Borough. The control room and CCTV operation complies with both Information Governance and Biometric & Surveillance Commissioner standards. The operation of the CCTV control room and CCTV Camera Strategy is overseen by the CCTV Strategic Board. Partnership working arrangements are in

place supported by formal Information Sharing Agreement with West Midlands Police (WMP), that take into consideration guidance prepared by the National Police Chiefs' Council (NPCC), The Public CCTV Managers Association (PCMA), the Biometrics & Surveillance Camera Commissioner (BSCC) and the Local Government Association (LGA).

- 4.8.6 As part of striving for ongoing improvement, work is underway, with the support of external consultants, to develop a 2024-2030 Safety, Security and Protection Strategy that will include a complete review of the Council's existing CCTV Camera Strategy.

4.9 Digital and Technology Management

- 4.9.1 In 2021-22 the Council set up a governance structure for Digital and Technology. The governance arrangements include a Digital Board that reports through SEB to Cabinet. The primary purpose of the Board is to advise on and monitor the progress the Council is making on its digital transformation journey and delivery of the "Future Digital" ambitions in the 2022-25 Dudley Council Plan. SEB agreed the terms of reference in October 2021 and the Board has met regularly since then. The governance arrangements also include a Councillor Digital Forum and a Digital and Technology Working Group. Both have been meeting regularly.
- 4.9.2 The restructure of Digital and Technology services was completed in May 2022. We adjusted the structure throughout the year as we identified improvements and there are a few teething issues still to resolve.
- 4.9.3 In September 2021 we agreed a roadmap of all digital and technology projects with directorates and SEB agreed the prioritisation criteria. The roadmap is a living document which the team worked against in 2021-22. The nature of the projects in the roadmap has changed as the team have started being involved in wider transformational projects. In February 2023 we identified and agreed with the Digital Board the 8 transformation programmes we will focus on.
- 4.9.4 In 2022 we introduced the Technical Design Authority (TDA). This is a governance gateway for design activities that provides assurance that both business and technical decisions align, and that the technical solution meets our purpose. Projects are required to receive

TDA approval before awarding the supplier contract, ensuring successful outcomes that align with our goals.

4.9.5 In 2022 we also introduced the Digital Change Assessment Board which reviews projects and agrees the delivery approach including assigning a project team where a project requires it.

4.10 Values and Behaviours/Codes of Conduct

4.10.1 To support the council's vision, the following values have been determined to guide the standard of behaviour expected from Members and Officers:

- Accountability,
- Determination,
- Empowerment and Respect,
- Excellence,
- Simplicity,
- Working Together.

4.10.2 The values and behaviours remain a strong guiding framework for everything that the council does and strives to do. The values continue to underpin Leadership Forum and drives how engagement takes place with staff. The Values have been embedded into the council's mandatory induction process and induction materials and the Values are embedded into the new People Strategy and other strategic work such as Future Council.

4.10.3 The Code of Conduct for Employees is publicised widely and is promoted through Corporate Induction, as part of the mandatory training and policy acceptance. Compliance with the Code is an individual, line manager and corporate accountability. Each employee is required to formally accept the Code. Where there are breaches of the Code these are dealt with by advice, performance improvement or development or ultimately for more severe breaches use of the council's disciplinary policy.

4.10.4 Leadership accountabilities which set out the standards of behaviour expected of employees in leadership roles and strengthen accountability have been identified and promoted at Leadership Forum. Leadership accountabilities have been embedded into council induction and within new job descriptions. Work is ongoing to embed leadership accountabilities into the new manager induction,

the review of council job descriptions and competencies framework. In addition a new leadership development programme will be launched in 2022 and improvements will also be introduced to the My annual review process.

4.11 Communication

4.11.1 The council's main way of communicating with staff is through the "Connect" intranet site. Internal audit reports and external reviews have identified issues with "Connect" particularly the locating of information and accuracy of content. "Connect" has been reviewed with the introduction of an Our Council hub and a Workforce hub to ensure information can be easily located. Through collaboration between CAPA, People Division and the Chief Executive's office, these hubs will be supplemented with regular checking to ensure information is up to date.

4.11.2 Besides "Connect", the Council has a number of other ways of communicating with its employees:

- "Rewind" which is an e-bulletin catch-up of all key news and information, continues to be issued to all employees at the end of each week,
- "Managing Matters", aimed at line managers across the authority, continues to be sent out monthly to update managers and communicate to the workforce,
- "Engage" is produced quarterly providing the workforce with news, views, key messages and what's on,
- The Chief Executive's "vlog" has been replaced by a "Corporate Update" section on Connect to highlight corporate news and developments,
- "SEB in focus" a new communication tool has been introduced following the Employee Survey. The tool looks back on key decisions made in the previous month, and the direction set by SEB while looking forward at items that will be considered over the next month.

4.11.3 In addition to these online methods, the authority also provides key information for managers of frontline staff to print and share, whilst face to face briefings are also facilitated through Leadership Forum (for managers) and Express Briefings (for all staff).

4.11.4 In terms of communicating with Borough residents:

- The council publishes a quarterly resident magazine which is distributed to 125,000 properties (over 90% of Borough households) with latest news and information from the authority. This magazine is also published online and supports the continued growth of digital and social channels,
- Social media channels such as Facebook, Twitter, LinkedIn, Instagram, Flickr and YouTube are well established with thousands of interactions with Borough residents every day. Facebook and Twitter reach around 120,000 people a week.
- The Gov delivery e-bulletin continues to grow rapidly as a vital tool in sharing news information on council services to Borough residents. Recipients can tailor their experience to receive information on specific subjects. Open rates are above the 40 percent national industry average.
- Analytical reports are available on Connect.

4.11.5 Targeted engagement with tenants and residents is undertaken by housing services through a range of groups and methods. Dudley Federation of Tenants and Residents Associations (DFTRA) is the umbrella group for TRAs across the borough and offers an important link to our communities. Meanwhile Dudley's Housing Board provides a community-based scrutiny function of the housing service, to help to ensure that services meet residents' needs and are of the highest standard.

4.11.6 Dudley's Customer Involvement and Empowerment Strategy is currently under review, and officers are working closely with DFTRA and Housing Board Members to co-produce a new strategy that supports the commitments set out in the Charter for Social Housing Residents and delivers the expectations within the Regulator of Social Housing's Tenant Involvement and Empowerment Standard.

4.12 Customer Feedback

4.12.1 The council has a policy and procedure for formal complaints and compliments. All cases are logged on a central system. Every effort is made to informally resolve complaints as early as possible. Where this cannot be achieved, formal complaints are acknowledged, investigated and responded to by appropriate complaints teams and specialist officers within set timeframes. There are three Key Performance Indicators relating to formal complaints and compliments and associated data is collated and reported upon via

Strategic Executive Board quarterly. Focus is driven around root cause analysis of complaints and taking action to prevent the same issues recurring through learning outcomes gathered within each service area. Officers and Members receive data that helps them to assess performance and understand input.

4.12.2 The council has a Resident Action Group, focussing on customer feedback, to:

- Deliver an effective and efficient complaint and failure management strategy and process.
- Resolve complaints by fixing the underlying issues: identify the failure, clarify the root cause and find a long-term solution.
- Deliver a resident experience that meets the needs of the resident by improving the ability for residents to feedback and acting on the feedback.

The Resident Action Group seeks to make great strides in leveraging insight from complaints, making sustainable changes, delivering a process for complaints handling that resolves issues for residents in a timely, satisfactory and empathetic way and transforms the relationship the council has with residents to make them feel appreciated, valued and listened to.

Ongoing communication takes place to include key stakeholders in relevant initiatives and developments the group are delivering.

4.12.3 During 2022/23 the council received 24 statutory complaints of which 13% were upheld. The council received 1524 corporate complaints of which 36% were upheld or partially upheld. The council also received 950 compliments during 2022/23.

In 2022 DC+ reviewed and automated performance reporting for DC+ and for complaints. As of September 2022, DC+ use Power BI to report. DC+ automated the complaints reporting using power query to create a direct database connection to the complaints management system (M3). This improves the accuracy by reducing human error and allows for real time statistics to be available with one refresh click.

4.12.4 The Local Government and Social Care Ombudsman's annual review letter for 2022-23 notes that they have changed their investigation processes, contributing to an increase in the average uphold rate across all complaints. As detailed above there were 1524 corporate

complaints of these there were 27 DMBC cases subject to a detailed investigation by the Ombudsman between 1 April 2022 and 31 March 2023. The outcome of these detailed investigations was that 21 were upheld and 6 were not upheld. The number of upheld complaints decided by the Ombudsman for Dudley represented 78% of the detailed investigations undertaken. Similar Local Authorities had an average of 77% of their detailed investigations upheld. In 100% of cases the Ombudsman was satisfied the authority had successfully implemented their recommendations (compared to an average of 99% in similar authorities).

It was reported for all of the upheld cases the Ombudsman found that DMBC had not provided a satisfactory remedy before the complaint reached them (compared to an average of 10% in similar authorities).

4.12.5 Within Housing and Community Services all existing customer groups are being reviewed to identify any gaps or duplication, and the Customer Involvement Team will be working with all groups to review their terms of reference. A new overarching Customer Board is being set up, which will have representation from each of the Customer Groups along with the Cabinet Member for Housing and Director of Housing and Communities, to oversee and drive forward the aims and commitments set out within the new Customer Involvement and Empowerment Strategy.

4.12.6 During 2023/24 the housing service will be completing a self-assessment against each of the Regulatory Standards as well as the Housing Ombudsman Complaint Handling Code and will also be asking our involved residents to undertake similar assessments to compare views.

4.12.7 An independent external customer satisfaction survey has been commissioned to provide a baseline of performance against the new Tenant Satisfaction Measures

4.13 Equalities Framework

4.13.1 The Council's Equality Diversity and Inclusion (EDI) Strategy (2022-25) approved by Cabinet in March 2022, sets out the council's EDI commitments and how we intend to achieve our public equality duty as well as comply with the Equality Act 2010. It focuses on "Putting Equality at the heart of everything we do" and recognises that to achieve this we need to advance equality and inclusiveness in all

aspects of the Councils work and our responsibilities in the following capacities as:

- **A service provider** - providing appropriate services that meet the differing needs of our local people regardless of their protected characteristic.
- **The Boroughs largest employer** - ensuring fair recruitment, having a diverse and inclusive workforce, and providing a working environment that is safe, accessible, and free from bullying, harassment, and discrimination.
- **Community leaders** - through our elected members, working with communities and partners in the statutory, voluntary, and private sectors to improve quality of life for Dudley Metropolitan Borough residents.

4.13.2 There are 4 priority themes contained within the EDI strategy, each with identified actions and details of how we intend to achieve these, these themes are as follows;

- Understanding our diverse customers and residents
- Demonstrate Inclusive leadership and accountability for delivering EDI outcomes across the organisation.
- Ensuring the integration of equality objectives into the commissioning, procuring and delivery of services.
- An engaged workforce that reflects the diverse community we serve

4.13.3 The commitments within the EDI strategy will be realised through an annual delivery plan overseen by the Corporate Equalities Board, which is chaired by the Chief Executive. This will also be subject to scrutiny through the Future Council Scrutiny committee and the Local Government Association who have supported the development of the EDI strategy, will continue to support the scrutiny of our delivery in this area. Arrangements are also in place for an annual review of EDI to be reported to Cabinet and a report on progress in implementing the delivery plan, including employment monitoring data for protected characteristics.

4.13.4 A small team comprising an EDI manager and an EDI officer has been established to support the delivery of the corporate EDI work. This team have undertaken a review of Equality Data to ensure that the council is meeting its statutory requirements and has the

information to support its future modernisation. Employment data is also benchmarked against other local authorities e.g. the gender pay gap data - which has resulted in some actions being identified to help close the council's gender pay gap.

4.13.5 Following an independent review into race inequality within the Council the Strategic Executive Board (SEB) accepted its findings and agreed an action plan to implement the recommendations from the review. This will be overseen by the Corporate Equalities Board. In addition, clear expectations have been set and communicated to leaders across the organisation for them to:

- Champion and embrace diversity and be proactive in their approach to advancing racial equality and actively demonstrating it in practice,
- Listen to and communicate openly with staff as this level of communication is crucial and important to our workforce from diverse backgrounds and with diverse needs,
- Act as role models who champion change,
- Actively promote Equality Diversity and inclusion,
- Bespoke learning and Development will be provided to strengthen performance this area and the new leadership development programme will also further develop our leadership competency in racial equality and wider EDI requirements.

4.13.6 A new Dignity at Work policy has been introduced within the council to ensure all employees are clear about acceptable behaviour in and outside of the workplace. It also provides all individuals with the opportunity to raise issues where dignity and respect have not been demonstrated. The policy sets out expected standards of behaviour for employees, in the way they treat their colleagues and those they come into contact with. The policy has a vital role in ensuring we create the conditions where all employees are treated with respect and dignity and are able to be themselves, feel they are valued and included.

4.13.7 The council has also moved to an anonymised recruitment model to reduce any unconscious bias during the recruitment and selection process, ensuring the shortlisting stage focuses on the skill set of a candidate alone. All candidates who apply for a post within the Council is identified via a unique candidate reference number, which will be used until they reach either the invitation to interview stage or are unsuccessful at the shortlisting stage.

4.14 Modern Slavery

4.14.1 Dudley MBC's Modern Slavery and Human Trafficking Statement has been updated and signed by the Leader of the Council, Leader of the Labour Group and the Chief Executive and is prominently displayed on the council's website. In addition, it has been added to the Government Modern Slavery Registry.

4.14.2 Concerns in respect of modern slavery should result in a referral into the relevant MASH (Multi-Agency Safeguarding Hub). Internally work continues to take place in respect of internal pathways for potential victims of various types of exploitation.

4.14.3 A robust communications plan is in place for the Safe and Sound Partnership – (Dudley's Community Safety Partnership - CSP) with messaging in respect of Modern Slavery going out throughout the year, this includes additional messages at key points in the year, for example National Anti-Slavery Day. This ensures that members of the community are aware of these issues and where to report concerns / signpost victims, thus offering reassurance to the wider community and offering support to those who may need it. Information can be found on the Safe and Sound CSP website where we have a Help Hub for all services and public to access.

Safe and Sound modern slavery posters and leaflets have now been translated into our 6 main community languages (Arabic, Mandarin, Punjabi, Polish, Romanian and Urdu). Once the artwork is complete electronic copies will be available via the website.

4.14.4 The Modern Slavery and Educational Resources pages on the Safe and Sound Partnership website are updated to ensure information, links (including to relevant e-learning) and resources are up to date and relevant.

4.14.5 Dudley Safeguarding People Partnership continue to host two multiagency eLearning courses in respect of Modern Slavery and Human Trafficking (MSHT). and conversations are taking place with West Midlands Anti-Slavery Network in respect of scheduling some 'face to face' / virtual awareness sessions. This training will ensure that professionals across the Borough are aware of the different forms of exploitation and where to report concerns / signpost and support victims.

- 4.14.6 Updated National Referral Mechanism training is also being explored for identified staff in Childrens and Adults Services, while Home Office NRM training is available to access via the safe and sound website.
- 4.14.7 A Chair has been identified for the Modern Slavery subgroup of safe and sound, Dudley’s Community Safety Partnership, and work will now take place to progress this group in line with national, regional and local work plans and Guidance.
- 4.14.8 Modern Slavery is a standing agenda item at the Rogue Landlords Operational group and where appropriate multi-agency meetings are coordinated to ensure a robust response to any concerns or cases.
- 4.14.9 The number of people referred into the National Referral Mechanism by Dudley MBC as a first responder organisation was 69 for the year ending 31st December 2022.

4.15 Environmental

- 4.15.1 Full Council at its meeting of the 23rd July 2020 declared a Climate Emergency. It was agreed at this meeting that a cross-party Climate Change Working Group would be established to lead on the development and implementation of a Carbon Reduction Plan for Dudley. This Group would decide what activities are in scope which will then inform the setting of a realistic carbon reduction target.
- 4.15.2 Ongoing governance arrangements include a Steering Group that will provide leadership for the programme and three thematic groups: Buildings and Energy, Transport and Environment. The groups have been tasked with looking at what is possible and to formulate action plans around identified topics, together with carbon reduction and offsetting solutions.
- 4.15.3 The programme consists of two phases: Phase1 the council will look at itself and determine what direct action it can take and Phase 2 the work will be expanded to encompass our communities and other key stakeholders.
- 4.15.4 The council has a target of reducing carbon emissions by 90% by 2030 and it has been estimated to achieve this target 21,815 tonnes of carbon will need to be removed. The final 10% to achieve carbon neutrality, which will be the most challenging, has a target date of 2041.

4.16 Overview and Scrutiny and Select Committees

- 4.16.1 The Overview and Scrutiny Committee, together with Select Committees, approve and monitor their Annual Scrutiny Programmes. The work of the Committees is co-ordinated and overseen by the Overview and Scrutiny Committee. Committees have considerable flexibility to amend the Annual Scrutiny Programme to reflect developments during the year.
- 4.16.2 The Overview and Scrutiny Committee and Select Committees report annually to the full Council with details of Scrutiny activities and the annual work programme. Minutes of Committees are submitted to full Council to increase transparency. The Overview and Scrutiny Annual Report for 2022/23 was reported to full Council in April 2023 and made available on the council's website. This set out the key issues considered and the outcomes of scrutiny work during the municipal year.
- 4.16.3 The Council's Overview and Scrutiny arrangements are kept under ongoing review as part of the annual review of the council's constitution. A Scrutiny Committee development session is being undertaken with the Local Government Association in May 2023 and the outcomes will be reflected in the 2023/24 municipal year.

[Link to Annual Scrutiny Reports](#)

4.17 Audit and Standards Committee

- 4.17.1 Audit and Standards Committee are responsible for approving the annual review of the Code of Corporate Governance and approving the Annual Governance Statement prior to its signing by the Chief Executive and Leader of the council.
- 4.17.2 The Committee's terms of reference have been updated to reflect good practice issued by CIPFA and there are regular assessments undertaken and discussed with the Committee to ensure that it is working effectively.
- 4.17.3 New committee members are requested to complete a skills assessment to identify any training needs.
- 4.17.4 Audit and Standards Committee produced an annual report for the municipal year detailing the work that they have completed, and the outcomes achieved; this is to be presented to full Council in July 2023.

[Link to Annual Report](#)

5. Update on previous issues raised

5.1 Children's Services

- 5.1.1 Senior leadership arrangements in Children's Services were revised in autumn 2020 and a permanent Director of Children's Services was appointed and took up post in February 2021. An experienced Service Director for Social Care was appointed in November 2022. This senior permanent team provides clarity and certainty to the workforce in responding to the improvement challenges.
- 5.1.2 Children's Social Care Services had been in Department of Education (DfE) support and supervision since the Ofsted inspection in October 2018. In November 2020 Ofsted reported on a further focus visit that "There are serious weaknesses in many service areas in Dudley. This is because of long-standing instability in the senior leadership team that has led to delays in addressing strategic and practice deficits." The improvement work was overseen by a DfE appointed improvement advisor who chaired the Improvement Board that met six times a year. In addition, the DfE carried out formal reviews of improvement work on a six-monthly basis.
- 5.1.3 Ofsted carried out an Inspection of Local Authority Children's Services (ILACS) in October/November 2022. The service was rated as Requires Improvement to be Good. The report noted that there was further progress to be made but reported: 'Since the appointment of a permanent director of children's services in early 2021, there has been greater focus on the areas for improvement, particularly in relation to the timeliness and quality of decision-making and strategy meetings in the multi-agency safeguarding hub (MASH), the response to children who experience extra-familial abuse or who go missing and securing permanence for children in care.'
- 5.1.4 The DfE carried out a formal review meeting in January 2023 and noted that significant progress had been made. The Care Minister, Claire Coutinho MP formally ended DfE Support and Supervision on 29th March 2023 stating: 'My officials tell me that Dudley have demonstrated strong engagement with adviser and sector led improvement support over the past 4 years and that this has had a positive impact on practice and leadership. The Ofsted report notes that under the current leadership, there has been a greater focus on improvement and during the review meeting you shared your plans to

accelerate progress further in order to achieve a good outcome at your next inspection.’

5.1.5 Children’s Services are implementing the nationally recognised Family Safeguarding model of child protection during 2023, alongside a directorate restructure and leadership training programme in order to build on and accelerate progress made to date.

5.2 Special Educational Needs and Disabilities (SEND)

5.2.1 Progress continued with the implementation of the detailed Improvement Plan in relation to the Written Statement of Action (WSoA). Ofsted and CQC revisited the Local Area from 31/1 to 3/2/2022 to assess the level of progress against the 14 areas of significant weakness identified at the inspection in 2019.

5.2.2 The inspection identified that sufficient progress had been made in 8 of the 14 areas which were:

- Area 1: Improvement strategies are not embedded, and they have not had a marked impact on improving outcomes for children and young people with SEND.
- Area 3: A strategic approach to assessment and provision mapping in Dudley is lacking. There is poor coordination of assessment information between agencies, resulting in fragmented information systems.
- Area 5: The designated medical officer (DMO) has insufficient capacity to promote SEND agenda across health providers.
- Area 6: Co-production with parents is weak. Co-production at a wider strategic level is underdeveloped.
- Area 8: There is a lack of understanding about inclusion in Dudley. The local area needs to change the culture and develop stakeholder confidence in the system.
- Area 9: The published local offer is poor. It is underused and difficult to navigate.
- Area 12: Pupils with SEND have higher absence and exclusion rates than other pupils.
- Area 14: Too few young people with SEND progress into employment.

The inspectors were positive about the progress made in these areas of previous concern.

5.2.3 The inspectors found that in 6 areas there had not been sufficient progress in a way that was sufficiently embedded although they did note progress in recent months:

- Area 2: The needs of children and young people with SEND have not been accurately identified or moderated over time.
- Area 4: Joint commissioning is underdeveloped. It is not always informed by accurate analysis of performance data, which is required to understand areas of need and gaps in current service provision.
- Area 7: There is a great deal of parental dissatisfaction. The passion and commitment of the various parent groups have not been harnessed. Many parents and carers feel disengaged from the system.
- Area 10: EHC plans are often of poor quality. They are not outcome focused and often lack information about health and social care. Completed EHC plans are often not shared with early years settings.
- Area 11: Pupils with SEND make slower progress than other pupils.
- Area 13: There is a lack of local provision post-19 for young people with the most complex needs.

5.2.4 DMBC and the CCG developed an Accelerated Progress Plan to set out the actions to be taken to improve outcomes in the 6 areas identified. This was submitted to the DfE by the deadline of 29/4/2022 and has been approved. A formal review took place on 29th November 2022 and the DfE and NHS England noted progress had been made. A further review is scheduled for June 2023

5.2.5 The SEND oversight group continues to meet to oversee progress and includes DfE and NHS England representation.

5.2.6 Funding of children and young people with High Needs is provided by the Dedicated Schools Grant (DSG) which is a ring-fenced revenue grant allocated to local authorities. For 2021/22 the provisional High Needs block allocation was £39.9m and there was a deficit of £17.2m. This includes a brought forward deficit from 2020/21 of £11.151m. A detailed recovery plan includes a number of efficiencies that coincide with the SEND Improvement Programme and this work is overseen by the Budget Working Group and Schools Forum.

5.2.7 DMBC has participated in a DfE Delivering Better Value in SEND programme, working with CIPFA and Newton Europe to review data around SEND. This included a review of the recovery plan which has been updated. A submission to the DfE for a grant of £1m to support the plan has been successful which will be subject to quarterly DfE review of progress.

5.3 **Financial Sustainability**

5.3.1 The Medium-Term Financial Strategy approved by Council on 6th March 2023 forecast the General Fund reserve to fall during 2023/4, but to rise in subsequent years reaching £25.1m by 31st March 2026. The Director of Finance and Legal, in making his report to the Council Tax setting meeting under Section 25 of the Local Government Act 2003 concluded as follows:

“In my professional opinion:

- The estimates made for the purposes of the calculation of the Council’s budget requirement under Section 32 of the Local Government Finance Act 1992, contained in this report, are robust.
- The financial reserves that will remain available to the Council as a result of agreeing the proposals contained in this report are adequate to enable the setting of a lawful budget for 2023/24.
- Although adequate to set a lawful budget for 2023/24, reserves are low by comparison with other councils. The rate of Council Tax (and as a result the level of spending) is also low compared to other councils. Forecasts already build in the maximum increase in Council Tax without a referendum for 2023/24. There are significant risks to the forecast and Members should note that, if these risks materialise, there could be a need to reduce spending plans and/or raise additional income in order to avoid imprudent reductions to the level of reserves. This would be challenging in view of the context set out above.”

5.3.2 The viability of the MTFS is reliant on delivering some challenging, complex and politically sensitive savings plans, most notably in joint funding, Family Safeguarding, libraries, Energy for Waste and the school meals service. A number of pressures and potential pressures, over and above those recognised in the MTFS, are already emerging in relation to pay, bed-based care and risk of impairment of loans made for regeneration purposes. There are also a number of potential favourable factors in relation to the Business

Rates revaluation, Council Tax, interest rates and Extended Producer Responsibility.

5.4 Dudley Integrated Health and Care NHS (Integrated Care Partnership- ICP)

5.4.1 In 2017 Dudley Clinical Commissioning Group (CCG) and the Council launched a procurement exercise to appoint an integrated care provider. Both the CCG and the Council identified the public health services they wished to put into the Integrated Care Partnership (ICP) model and commission from the appointed provider (Dudley Integrated Health and Care NHS Trust (DICH). However, the Integrated Care Board at its meeting on the 24th November 2022 advised that the original form of the ICP contract could no longer be awarded and that the procurement cease due to:

- the inability of the Integrated Care Board (ICB) to award a contract with the terms and conditions as originally envisaged being a significantly materiality change preventing the procurement concluding as originally intended,
- the ICB being open to a potential legal challenge if the procurement was to proceed.

In view of this decision the Council has given consideration to the actions needed in relation to the potential re-procurement of services that would have been part of this procurement – substance misuse, sexual health, adult wellness services and children’s services.

It was agreed by the Director of Public Health and Programme Sponsor, that this represented the department with the opportunity to go to market with the intention of procuring all services historically in scope of transfer. Following internal department discussions with specialist commissioning managers and consultation with Procurement support agreement was given to go to market through open competitive procedures for the following:

- Sexual Health Services
- Integrated Substance Misuse services
- Integrated Health Improvement Services
- Children and Young People Services for 0-19 year olds (25 years for SEND).

5.4.2 To increase service synergies, efficiencies, quality and effectiveness Public Health reviewed which services could be tendered together.

Public Health proposes to recontract from the 1st November 2023, using LOTs with an estimated annual value of £13m per annum.

In terms of children's and young people's services contract, the Integrated Care Board (ICB) is considering whether it participates in the re-procurement with the Council and includes those ICB commissioned services, to ensure that integrated provision can be secured.

To ensure continuation of services post March 2023, whilst Public Health services are being procured, incumbent providers have been approached to accommodate a new 7 months +up to 5-month extension, with 1 month notice to extend, contract term effective from 1st April 2023. The 2022/23 terms and conditions and financial envelopes will apply.

Public Health and Procurement have given due consideration to the risk and issues pertaining to procurement of the listed services. The process proposed is largely considered to be medium risk due to scope and total value of all contracts; however, the level of risk will vary between the different procurement workstreams.

5.5 Infrastructure Developments

- 5.5.1 The unprecedented level of investment and regeneration activity continued in 2022-23 as the council continued to roll out a £1 billion regeneration programme which will be the biggest investment ever made in the Borough. The projects onsite and in delivery cover key areas of connectivity/infrastructure, visitor economy, town centres, and skills:

Connectivity/Infrastructure

- 5.5.2 Metro, a total of £449 million will be invested by West Midlands Combined Authority (WMCA) in the Wednesbury to Brierley Hill Metro which will extend the West Midlands Metro from Wednesbury through the heart of Dudley town centre to Brierley Hill. This is due to open to passengers in 2025. Due to funding pressures arising from reduced farebox income, staffing costs and inflation the decision was taken by WMCA board in July 2022 to pause the section from Flood Street Dudley to Brierley Hill while alternative funding was identified. In the last budget a further £60m was identified (subject to business case approval) and work continues on a long-term programme approach to delivering schemes and allocating funding to complete the scheme.

- 5.5.3 Dudley Transport Interchange will be a world-class multi-modal facility tying together the new West Midlands Metro extension project and potentially the bus rapid transit SPRINT. This is now due for delivery in 2024 (delayed due to the need for a Compulsory Purchase Order).
- 5.5.4 Metro and Interchange investments will be complemented further with a substantial package of public realm and environmental improvement works focussing on improving the pedestrian connectivity between Dudley Castle, the University Park at Castle Hill and the town centre to create an integrated town centre.

Visitor Economy

- 5.5.5 The Castle Hill Vision and Dudley Castle Zoological Gardens (Phase 2) is a planned £13 million programme of development including restoration of Dudley Castle and Zoo along with the development and upgrade of visitor and education facilities. The council recognises that preservation of this heritage asset is key to improving the tourism sector for Dudley and it is working jointly with Historic England to deliver the necessary improvements and investment.
- 5.5.6 The Black Country Living Museum “Forging Ahead” Programme is the single largest capital development project in the Museum’s history. Forging Ahead is a scheme that will take the Living Museum’s story into the 1940s, 50s and 60s and deliver a new visitor welcome area, dedicated learning centre and industrial quarter. £24 million has been secured to develop the proposal.
- 5.5.7 New Dudley Leisure Centre is part of a wider package of £31.3m investment which includes refurbishment of Halesowen Leisure Centre and improvements to Crystal Leisure Centre. Investment was timed to take advantage of links to Birmingham Commonwealth Games in summer 2022. Discussions continue with potential investors to deliver a leisure quarter around the new Duncan Edwards Leisure Centre and to achieve the aspiration for an ice rink which will create footfall in the town and provide a home for an ice hockey team. Black Country UNESCO Global Geopark – the council are in the final stages of recruiting a permanent Black Country UNESCO Global Geopark team. Talks are ongoing with WMCA and Midland Metro to promote Geopark opportunities. Dudley hosted the UK Geopark conference in June 2022.

Town Centres

- 5.5.8 The Portersfield scheme is a town centre regeneration scheme, located just off Dudley high street. The scheme has already seen the demolition of Cavendish House. The Portersfield site is adjacent to the new Midland Metro route and planned transport interchange and suitably developed has potential to create a new vibrant quarter in Dudley Town Centre. Development Consultants undertook soft market testing which has indicated that to ensure minimum public sector subsidy a predominately residential scheme is the most viable. Public consultation on a development brief will commence in June 2023 and based on the responses a final brief will be produced with a view to seeking a development partner in Autumn 2023. Discussions continue with the other substantive landowner around a potential collaboration agreement with the aim to avoid the need for a CPO. The Wellington Road former leisure site has been under an exclusivity agreement and works have progressed to the point where a planning application could be submitted by the potential developer and the site will shortly be marketed for disposal.
- 5.5.9 Brierley Hill Future High Streets Fund and Heritage Action Zone fund are concurrent programmes currently on site that will bring empty properties back into use for retail or housing. The plan is to make the gateway entrances more attractive and to improve the public realm including the provision of pedestrian links between the Metro/the High Street and Merry Hill.
- 5.5.10 Levelling Up Fund bids were developed for Dudley North, Stourbridge (Lye) and Halesowen MP constituency areas. The bids which focused on town centre regeneration, culture (heritage) and transport were unsuccessful due to the volume of submissions and the changes to the assessment process. There is a Round 3 expected but currently it has not been confirmed if this is a competitive or allocative process. Early indications are that 2 of our 4 bids were shortlisted so may considered for allocation.

Skills

- 5.5.11 Very Light Rail National Innovation Centre - this £28m project will provide a unique research facility for the development of Very Light Railway (VLR) technologies and projects. The project brings back into use a redundant stretch of railway to support the Innovation Centre and will develop and test the VLR prototype vehicle. The test

track and the innovation centre are now complete and are occupied by Black Country Innovative Manufacturing Organisation.

- 5.5.12 Black Country and Marches Institute of Technology is a £26 million purpose designed facility, bringing together further and higher education providers with employers. The facility opened to students in September 2021.
- 5.5.13 A bid has been submitted by Star Academies and Eton college for a new educational facility in Dudley. The preferred location is in Dudley Town centre. The outcome of the bid will not be known until June 2023, but work has commenced on achieving vacant possession in readiness.
- 5.5.14 The majority of the regeneration projects are delivered (and therefore managed) externally with their own governance arrangements. However, some funding streams require the council to underwrite grant allocations so there is a need to monitor and evaluate delivery of these external bids. Key aspects of governance over the regeneration programme are as follows:
- 5.5.15 Council Regeneration Team, working in partnership with internal and external partners, has been set up to co-ordinate the regeneration programme from the council's perspective.
- 5.5.16 A Major Capital Investment Projects Board has been established, chaired by the council's Chief Executive. The Board considers all bids and emerging projects, identifies synergies and added value and approves progression. The Board also receives by exception, reporting on the risks and key milestones of major strategic projects. Project Boards and Steering groups feed into this Board. A review of this governance is underway.
- 5.5.17 The Towns Fund Board for Dudley has been operational since early 2020. Boards have also been established for Brierley Hill, and Halesowen. It is expected that a board will be established for Stourbridge/Lye that mirror the operation of these Boards.
- 5.5.18 Regeneration and Enterprise Strategy Group meets monthly to receive reports from lead officers and steering groups. A monthly

status update updates are provided to the Corporate Portfolio Management Officer team for onward reporting by exception.

5.5.19 Regular meetings are held between the Director of Regeneration and Enterprise and WMCA Director of Housing and Regeneration on projects and funding and also with Homes England and BEIS.

5.5.20 This huge regeneration programme creates enormous opportunities and could many potential benefits. Failure to seize the opportunities or to exploit the benefits that are envisaged would negatively impact on the council's vision for 2030 To exploit the benefits requires a strategic approach, good co-ordination and sufficient and appropriate resources. Part of the approach to mitigate this is the development of the Economic Regeneration Strategy. This strategy will set out the key challenges faced, the themes and objectives to address these challenges; and develop an action plan to prioritise the pipeline of projects and identify the resource and skills requirements.

However, a number of key challenges remain which affect the regeneration programme including:

- Funding – European Union funding has been phased out and in its place the UK Shared Prosperity Fund is being implemented. Full details are still being worked through. Year 1 allocation was retrospectively applied to ongoing activity as it was not received until February 2023 and had to be spent by the end of March 2023. Work is underway on the spend programme for the current year.
- The funds are less than previous grant allocations and therefore, there remains a risk of insufficient funding streams. Also recent government funding bids have been competitive in nature, significantly oversubscribed and the allocation/assessment process has changed part way through the process. This has led to a failure to successfully bid for funds.
- It is imperative any funds allocated as a result of the devolution deal to the WMCA are considered on a programme basis to allow longer term planning and indicative in principle allocations that give the comfort to proceed at risk to develop up projects.
- Ambitious regeneration plans drive long term change and add value to the local economy but, at the same time, carry

- financial, commercial, planning, procurement and other compliance risk that will need to be carefully managed,
- The level of information and breadth of detail required to submit and be successful in bidding is onerous and resource intensive. The council are required to demonstrate stakeholder engagement and have to explain the economic costs of the bid and the economic benefits arising as well as the theory of change – the issue you are trying to resolve/level up and how that project will achieve it.
 - Built environment, property/legal, bidding and procurement specialists are required and some of these skills are in very short supply and therefore could impact upon regeneration activity and responsiveness.

5.6 Digital platform

- 5.6.1 The procurement and implementation of a new Digital Platform has been identified as a significant issue due to its risk rating.

Procurement

- 5.6.2 We carried out an extensive procurement process in 2022/23 which resulted in a contract award to Granicus UK. The contract is worth £1.5m over 7 years (5+2). The cost includes set-up cost and ongoing licence and support cost. We future proofed the contract by agreeing and including in it pricing for modules that we may want to procure at a later date. Prior to signing we organised a session for Councillors to review the platform.
- 5.6.3 The platform will engage and connect residents to the content and services they need from Dudley Council. The agreed external facing branding is: MYDudley: Improving Access to Council Services.
- 5.6.4 The key features of delivery are customer portal, customer service hub, Councillor portal, staff portal and gov delivery pro.
- 5.6.5 The platform will continue to be developed and enhanced throughout the contract as we develop new services and change existing services. Nevertheless, a key milestone is November 2023 when we plan to go live effectively switching over from the current Dynamics platform.

Governance

- 5.6.6 To ensure the level and breadth of engagement and buy-in is council wide, a new governance structure is being established.
- 5.6.7 This platform will create enormous opportunities and requires a strategic approach to exploit benefits, including good co-ordination and appropriate resources.
- 5.6.8 A digital platform steering group with broad membership representative of council services has been running since July 2022 and includes stakeholders from across the organisation and will now oversee the delivery of the outcomes. There are 3 core workstreams digital architecture, form and workflow and customer experience.
- 5.6.9 This model will ensure clear objectives, collective internal decision making, business process agreement and technical agreement.
- 5.6.10 The digital platform steering group will report into the Digital Board (reports through SEB to Cabinet) which has been established and meeting since October 2021.

5.7 Equality, Diversity and Inclusion

- 5.7.1 Section 4.13 refers to a number of emerging challenges in relation to Equality, Diversity and Inclusion, as well as actions to address these challenges.

5.8 Recruitment and Retention

- 5.8.1 The inability to recruit and retain staff particularly in professional areas where there is a national shortage of skills and expertise, together with emerging recruitment and retention challenges facing employers resulting from impact of the covid pandemic, has been identified as a significant issue due to its risk rating. This is currently being addressed in a number of ways including;
- Growing our talent pool through the use of apprenticeships
 - Procuring Interim consultants where appropriate to ensure the council has the skills and capacity needed to support the delivery of key services.
 - The introduction of new workstyles and promotion of agile/flexible working to ensure we attract the best talent for roles that can work remotely.

- Developing career pathways in a range of professional areas across the council to support employees to develop their careers over time and to retain talent, particularly in hard to fill roles
- Utilising market forces supplements to attract candidates to roles that are very hard to recruit to and to retain internal talent for these roles
- Workforce planning at directorate level on an annual basis to enable the identification of the roles that are difficult to recruit to and plans put in place to address/mitigate impact.
- Regular Horizon scanning to anticipate changes and trends to professional areas across the council together with keeping up to date on national trends for hard to recruit professions.
- Utilising search support for roles which in professional areas that are experiencing labour market difficulties to target passive candidates.

5.8.2 The Council's People Plan sets the direction for Dudley council to become an employer of choice and will provide a "shop window" to current and prospective employees. It also identifies the range of activities we have committed to that will improve the employee experience.

5.8.3 Work will be completed to further define and promote the Employee Value proposition (EVP) so that prospective candidates can easily identify Dudley Council as an employer of choice. In addition, further opportunities to strengthen recruitment and retention to such roles will be explored via the new joint venture recruitment agency.

5.9 Governance – Programmes, Projects and Contract Management

5.9.1 Issues have been identified with the council's approach to managing programmes, projects and contracts. Concerns raised include:

- Lack of clear roles and responsibilities e.g. having a designated project or contract manager.
- Lack of understanding of the contract in place.
- Payments not made in accordance with Financial Regulations and in line with the agreed contract.
- Procurement not undertaken in accordance with Contract Standing Orders.
- Lack of effective governance over projects (project plans, project reporting, project risks and issues, designated Senior Responsible Officer).

- Decisions not undertaken in accordance with the council's constitution.
 - Project budgets not managed in accordance with Financial Regulations.
 - Poor records management.
 - Legal advice not obtained where appropriate.
- 5.9.2 The Deputy Chief Executive is to produce action plans to address the above issues which will be agreed with Audit and Standards Committee, and they will be responsible for monitoring progress.
- 5.9.3 The Council has recently established a Corporate Portfolio Management Office (CPMO), with an aim to provide guidance, oversight and assurance on the delivery of programmes, projects and corporate initiatives.
- 5.9.4 The CPMO has developed a project management framework and is working with officers to embed project infrastructure into the Council's culture. There will be further development of a 'programme management' framework to complement the project management framework, as well as a suite of guidance and tools for managing change and delivering transformational activities.
- 5.9.5 The CPMO will also provide assurance of effective project management to decision makers, to support the Council in addressing the concerns noted above in regard to programmes and projects. (see 5.9.1)
- 5.9.6 The CPMO has further defined ownership and accountability as part of the project management framework and included signposting to relevant Council departments and their policies and protocols etc. (e.g. Finance, Procurement, EDI, Information Governance, Risk etc.) to ensure adherence to regulatory and statutory obligations as part of the guidance on each stage of the PM lifecycle. The CPMO has collaborated with support services as part of developing the framework to ensure a 'one council' approach.
- 5.9.7 The CPMO has developed the Dudley Project Portal (project management system run on Verto365) will also support many aspects of the framework – particularly around roles and responsibilities, approvals audit trails and records management. Some final updates are being made to the system following the recent pilot and it will be going live in May and rolled out on a directorate-by-directorate basis.
- 5.9.8 The CPMO aims to provide the infrastructure to support officers in managing their projects, as well as defining the project requirements

and expectations. Finance, funding and cost considerations have been incorporated within key mandatory PM documentation, as well as the controlled management of it within the Dudley Project Portal.

- 5.9.9 Project thresholds (major project, directorate led project, operational initiative) have been defined, each with determined governance pathways for decisions and approvals that are aligned with the Council's current decision-making arrangements.

5.10 Housing Compliance

- 5.10.1 Following a review of housing compliance data the Council has identified issues with data quality. It is likely that the issues identified date back over a number of years and, in view of the findings, the Council has launched a recovery programme and made a self-referral to the Regulator of Social Housing in relation to housing compliance.

The costs associated with the recovery programme were not included within the MTFs approved by Council in March 2023 as the issues and associated costs had not been identified at the time. Housing Revenue Account budgets are therefore under review to reprofile planned investment to accommodate the recovery costs within the HRA budget.

6. New and Emerging Significant Issues

The viability of residential and nursing care homes for older people has become a growing concern in 23-24. A number of private and independent sector homes closed in 22-23 and further closures are likely in 23-24 due to income not keeping pace with inflation. The Council has not kept pace with increases in care fees in Sandwell and Wolverhampton and further consideration about the need for short term financial investment and a new model of care bandings will be revisited by Cabinet early this summer.

7 Action Plan

- 7.1 The issues identified in Section 5 and Section 6 will be the subject to separate Action Plans that will be monitored by Strategic Executive Board, Cabinet, Children's Services Improvement Board and other council Committees and Groups.

8. Conclusion

- 8.1 The council is very aware of the issues raised in Section 5 and Section 6 and will ensure progress is made during 2023/24. With the exception of these issues, the council’s governance framework remains “fit for purpose”.

P Harley
Leader of the council

K O’Keefe
Chief Executive

Appendix A

Dudley Council Governance Structure

Full Council

The full Council comprises all 72 elected members. It has responsibility for approving the overall policy framework including the budget. It retains responsibility for certain functions, however, most of its powers and duties are delegated to the Cabinet or committees operating within the decision-making structure set out in the Constitution. The full Council also has a key role in holding the Cabinet to account.

Cabinet

The Cabinet comprises of the Leader of the council plus 9 other Cabinet Members each with a defined portfolio (or areas of responsibility). The Cabinet meets approximately every 8 weeks, chaired by the Leader of the council. Shadow Cabinet Members attend meetings to speak but not vote. Collectively, the Cabinet makes decisions affecting local services and makes recommendations to the full Council on the overall policy direction. The Cabinet has to make decisions which are in line with the council's overall policies and budget. If it wishes to make a decision which is outside the budget or policy framework, this must be referred to the council as a whole to decide.

Overview and Scrutiny

The Overview and Scrutiny and Select Committees undertake in depth scrutiny investigations/ enquiries and contribute to policy development in respect of issues/items falling within their terms of reference. The Committees submit reports and recommendations to the Cabinet and/or full Council on the outcome of scrutiny investigations, enquiries or reviews. An annual report is submitted to the Council.

Statutory and Regulatory Committees

The Council appoints the following committees to discharge the functions indicated:-

- Appointments Committee - Recommending to the full Council the appointment of a Chief Executive and deciding upon the appointment of Directors.

-
- Audit and Standards Committee and Standards Sub-Committee - The overview of internal and external audit, risk management, fraud and functions relating to local government standards.
 - Children’s Corporate Parenting Board - Its role is to secure cross departmental involvement and commitment throughout the council to deliver better outcomes for children in care. The Board is responsible for the implementation of the Corporate Parenting Strategy and subsequent Delivery Plan, which will ensure the most effective means of achieving sustained service improvements.
 - Planning Committee - Functions relating to town and country planning and development control, including tree preservation functions.
 - Dudley Health and Wellbeing Board - This Board has been formed to recognise that the council has a key role to encourage coherent commissioning strategies across the NHS, social care, public health and other partners. The Board deals with the responsibilities of the Local Authority and the GP Consortia for the Joint Strategic Needs Assessment and the Pharmaceutical Needs Assessment. It is also involved in developing a Joint Health and Wellbeing Strategy.
 - Ernest Stevens Trusts Management Committee - To undertake the council’s functions as a Trustee in relation to matters concerning the Ernest Stevens Trusts and all Trust land in the Borough.
 - Licensing and Safety Committee and Licensing Sub-Committees (x4) - Licensing functions (apart from hackney carriage and private hire licensing), health and safety functions, other than those exercised by the council as employer.
 - Taxis Committee - Functions relating to hackney carriage and private hire licensing.