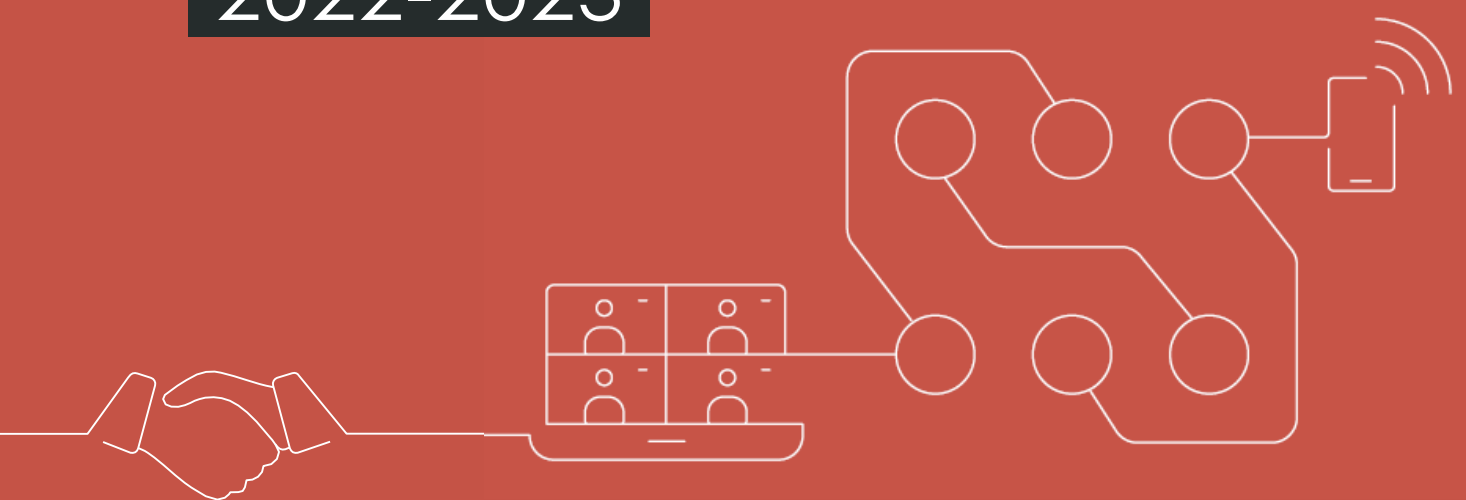




# STATEMENT OF ACCOUNTS

2022-2023





#STHELENSTOGETHER





# APPROVAL OF ACCOUNTS

I confirm these Accounts were approved by the Audit and Governance Committee at its meeting held on 11 December 2023.

A handwritten signature in black ink that reads "Lynn Clarke". The signature is written in a cursive style and is contained within a white rectangular box.

Chair of meeting approving the Accounts

Date: 15<sup>th</sup> December 2023



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# NARRATIVE REPORT BY THE EXECUTIVE DIRECTOR OF CORPORATE SERVICES

## 1. Introduction to the Narrative Report

This Narrative Report provides an overview of St Helens Council, including the key issues impacting on the Council and its accounts. It provides a summary of the Council's financial position as of 31 March 2023, and an outline of its operational environment and wider performance, whilst going on to consider risk and the future. The Narrative Report is structured as follows:

- Introduction to St Helens
- Key facts about St Helens
- Council political and management structure
- Council operating model – partnerships and strategic planning
- Operational environment
- Council financial summary and resource allocation 2022-2023
- Council performance summary 2022-2023
- Risk management
- Future outlook
- Conclusion

The report also includes a brief explanation of the financial statements that follow.

## 2. Introduction to St Helens

St Helens Council is one of the six local authorities that make up the Liverpool City Region. St Helens holds a strategic position at the heart of the North West, linking the conurbations of Liverpool and Manchester. Located on the West Coast Main Line and Trans-Pennine rail network, and sitting directly on the M62 and M6, St Helens has unrivalled accessibility and connectivity. The regional airports of Manchester and Liverpool, and the enhanced port of Liverpool, are also within short travelling distance. St Helens' location and access make it perfectly situated to take advantage of future developments

associated with the Superport, Liverpool City Region Freeport, rail freight, logistics and advanced manufacturing.

St Helens covers an area of 136 square kilometres, of which approximately half is rural and half is urban. St Helens was once a highly industrialised area and has a proud heritage of coal mining, canals, railways and world-famous glass and chemical industries. The decline of these industries in the second half of the 20<sup>th</sup> century led to significant economic restructuring and a resultant reduction in jobs and business opportunity, the legacy of which is still seen in many of the ongoing challenges facing the Borough.

In more recent years, St Helens has seen considerable positive change with the development of new industry, businesses, housing, transport infrastructure and green spaces. With access to a workforce of over three million within one hour's travel time, St Helens remains a place of great potential. St Helens' greatest asset is the strength of local partnerships and the spirit of its close-knit community, never more evident than in the way St Helens came together during the Covid-19 pandemic to support its most vulnerable residents.

Despite a number of challenges, not least those stemming from or exacerbated by the pandemic and the cost-of-living crisis, aspirations for the Borough remain high. The creation of additional inclusive economic growth remains a key priority if the ambitious vision of a future St Helens is to be successfully delivered.

## 3. Key Facts about St Helens

St Helens' demographics, the profile of its communities and its living environment are all critical factors that play a key role in influencing the range, shape and direction of services that the Council provides, for it to



ensure that the needs of the local population are capable of being met.

The Office for National Statistics' (ONS) latest mid-year population estimates show that there were approximately 183,400 residents in St Helens as at March 2021, a population that is expected to grow steadily over the next 10-20 years, although at a lesser rate than that predicted for the North West and England.

St Helens' age profile is relatively old, with proportionally fewer people aged 0-16 and more people 65+ than there are nationally. It is also an ageing population, with ONS population projections suggesting that numbers of residents in their 80s will nearly double, whilst numbers of residents in their 90s will nearly triple, by 2037.

Comparatively high levels of deprivation and inequality exist within the Borough, particularly in relation to health, employment and income. This position will have been accelerated by the pandemic and cost-of-living crisis, resulting in some groups and individuals becoming more vulnerable than they were previously. DLUHC's most recent Index of Multiple Deprivation (2019) ranks St Helens as the 26<sup>th</sup> most deprived local authority in England out of 317. Nearly a quarter of all neighbourhoods within the Borough fall within the most deprived 10% of neighbourhoods nationally.

The health of the population is not as good as it should be, with Census 2021 data showing that 7.5% of people describe their health as bad or very bad: higher than the North West and England averages of 6.2% and 5.2% respectively. Life expectancy from birth for both males and females in 2021, at 75.8 years and 77.5 years respectively, is significantly below national averages of 78.7 years and 79.4 years. Deep-rooted health inequalities exist within the Borough, with wide variations in a number of health-related issues. Life expectancy at birth for men varies by 10 years between wards, while female life expectancy varies by 9.2 years. The pandemic and cost-of-living crisis has had a negative impact on individual and community wellbeing and is increasing some of these inequalities. There are clear

links between deprivation and higher rates of illness and death from Covid-19. St Helens has been one of the areas most impacted by the pandemic. By the end of July 2022, out of 119 upper tier local authorities, St Helens ranked 8th highest for cumulative Covid-19 infection rate and 17th highest for cumulative Covid-19 death rate.

The number of children supported by children's social care in St Helens remains comparatively high. Referral rates to children's social care and rates of Children in Need and Children Looked After are all above statistical neighbour, North West, and England rates. Over 50% of Children in Need in St Helens live in places which are within the 10% most deprived neighbourhoods in England, and 29% of our children live in poverty.

St Helens faces some significant economic challenges, particularly in terms of prosperity and productivity gaps. Against headline economic indicators, St Helens sits in the bottom half of all English local authorities. Whilst these gaps have persisted for many years, the effects of the last recession were felt disproportionately in St Helens. The latest available data shows that by the end of 2020 St Helens had not recovered Gross Value Added (GVA) to its pre-recession peak and remains well below the UK average.

Productivity and prosperity gaps in St Helens reflect relatively low levels of business growth, and business density remains well below regional and national levels.

The percentage of the population that is economically active has shown great improvement in recent years; however, it has dipped in the twelve months to December 2022, and at 76.1% is slightly below the regional average of 76.7% and the England average of 78.7%. As a result, economic inactivity rates are also higher than the regional average and national average. Comparatively high levels of long-term sickness and disability persist and are the key cause of economic inactivity. Positively, skill levels within the St Helens population have seen significant improvement in recent years: at December 2021 exceeding the regional average in relation to higher skill levels, and narrowing the gap on the national average.



The impact of the pandemic and an escalating cost-of-living crisis present real challenges for the local economy and have the potential to exacerbate existing productivity, labour market and skills gaps. Within the 3-year period to March 2023, there has been an 8% rise in the number of people claiming benefits. The last published youth unemployment figures (those aged 20-24 years) in December 2021 also exceeded the UK national averages by 3%.

Increasing growth, business density, job quality, numbers of jobs and people in work remains a key priority for St Helens. This will now need to be achieved in a rapidly changing and more challenging economic environment.

For a detailed picture of St Helens and its communities, please see [St Helens Our Borough Report](#) or visit [St Helens Local Insight](#).

#### 4. St Helens Borough Council

As a local authority, St Helens is accountable to Government and the electorate, and is responsible for ensuring that the needs of the local community are met through the delivery of high-quality, value-for-money services.

The Council provides a range of services to the residents, businesses, schools and visitors to the Borough, either directly or

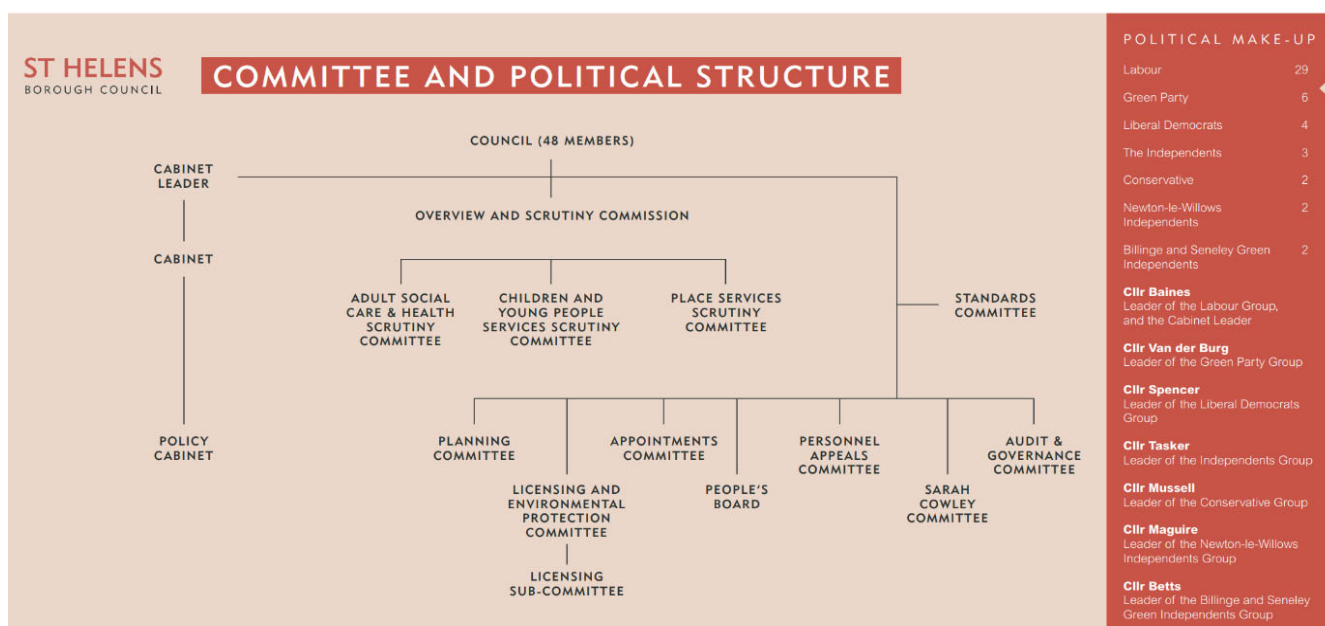
through commissioning or partnership arrangements. The services delivered include care services for older people, vulnerable adults and people with disabilities, children's centres and early years services, school support and improvement, support for children with special educational needs, fostering and adoption services, public health, waste and recycling, street cleansing, libraries, leisure services, licensing, housing and homelessness support, planning and development permissions, environmental health and trading standards, benefits administration, maintenance of highways, footpaths, parks and open spaces, and many more.

#### Political Structure

St Helens has a total of 18 electoral wards and 48 ward Councillors. Following the local elections in May 2022, the Council is Labour Party-controlled, with 29 Labour Party Councillors.

The Council employs a Leader and Cabinet model as its political management structure. The Cabinet is made up of the Leader and nine Councillors, whom the Leader appoints as Portfolio Holders. Each Cabinet Member has responsibility for an individual Portfolio area, each of which relates to particular services and functions of the Council.

In addition, a series of regulatory committees, appointed by Full Council, discharge specific





Council functions. An Overview and Scrutiny Commission and a series of dedicated Overview and Scrutiny Committees exist to hold the Cabinet to account.

Further information on the Council’s political structure and processes is available within the Council’s [Constitution](#).

**Management Structure**

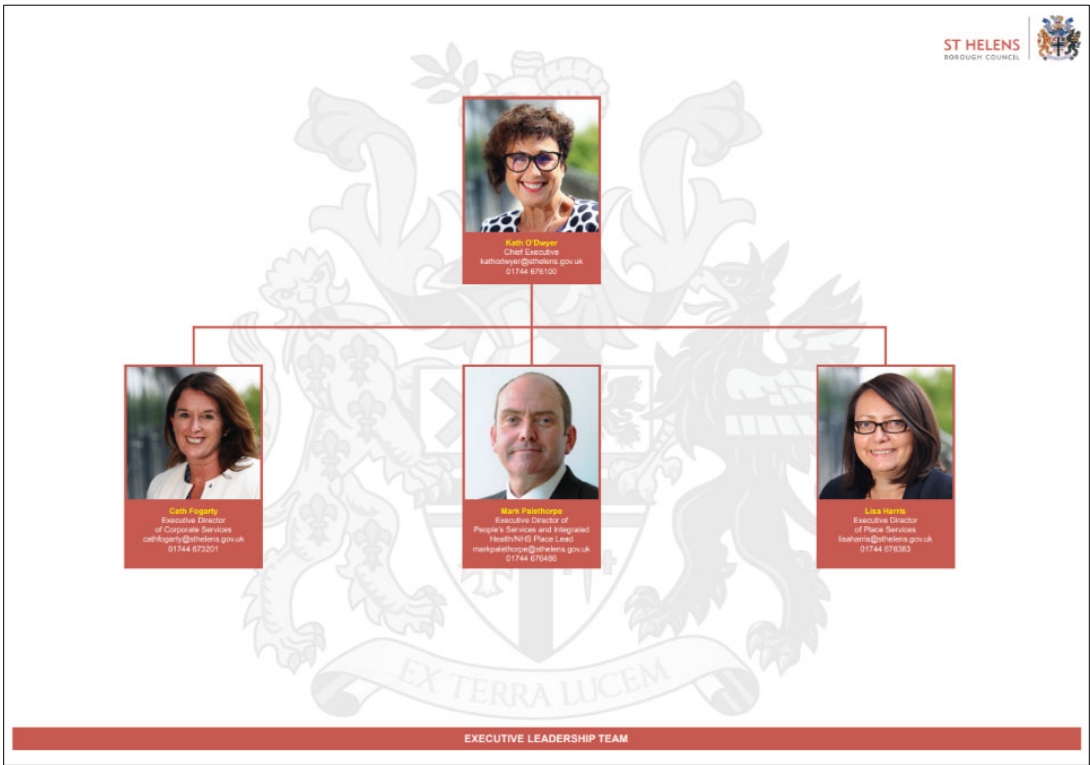
Over the course of the last three years, the Council has implemented significant change within its senior management structure. An organisational re-structure has been undertaken, the final phase of which is now nearing completion, to support the development of the Council’s refreshed strategic direction and ensure it has the requisite capacity to drive its programme of modernisation in accordance with the Medium-Term Financial Strategy.

The Council’s Executive Leadership Team (ELT) is led by the Chief Executive, and includes three Executive Directors (Corporate Services, People’s Services, and Place Services). The Executive Director for People’s Services, covering Adult Social Care, Children and Young People and Public Health, is also the NHS Place Director.

The Corporate Services Directorate provides a series of statutory functions, including front-line services such as revenues and benefits, along with support services that add value and enable the effective running of the Council.

The People’s Services Directorate commissions and delivers health and social care services and works with residents and their communities to protect and improve their health and wellbeing. The Directorate includes both Public Health and Adult Social Care and is integrated with local NHS health partners. The People’s Services Directorate also includes the Children and Young People’s Service Department, which has responsibilities to deliver a broad range of statutory and non-statutory services to ensure the safety, care, wellbeing and education of children and young people and their families in St Helens.

The Place Services Directorate provides a wide range of place-based services including planning, regeneration and economic development, environmental care, highways, housing, community safety, libraries and leisure services and regulatory functions such as environmental health and trading standards.





The Council had a total workforce of approximately 2,700 staff (excluding those employed by schools). As a result of the requirement to deliver significant savings and efficiencies, since 2010 when austerity measures were first imposed, the Council's workforce has reduced by approximately a third.

5. St Helens Borough Council Operating Model

Our Vision and Priorities

In March 2021, the “St Helens Together” collaborative approach to extensive community consultation resulted in the co-design and publication of ‘Our Borough Strategy 2021-30.’

The ‘Our Borough Strategy 2021-30’ identifies and examines St Helens’ assets, strengths and key challenges. It aims to enable everyone to see how they can contribute to the future of St Helens, support the changing needs of its communities, and unlock the potential of the borough. Our shared vision is:

***‘Working together for a better borough, with people at the heart of everything we do by improving people’s lives together and creating distinct, attractive, healthy, safe, inclusive, and accessible places in which to live, work, visit and invest.’***

The Borough Strategy sets the strategic direction for St Helens and contains 6 strategic priorities. which underpin everything the Council does in collaboration with its partners and the community.

Under its umbrella, all other strategies now feed into this document and a common approach has been adopted to the development of new or revised policy and

strategy. The Borough Strategy priorities drive the Council's business planning process, ensuring that meaningful and measurable plans exist across the organisation to deliver the priorities and outcomes. These outcomes and associated indicators are defined within the [Performance Framework 2023-24](#), which sets out a robust set of performance indicators, with challenging but deliverable targets that are commensurate with available resources. Financial information systems are aligned with the business planning and performance framework, allowing close monitoring of budgets and service expenditure.

Partnerships

The Council cannot realise the potential of the Borough alone; to do this there has to be working effectively together with partners and residents. The Council can demonstrate a long history of successful partnership working that has continued to develop over time. In recent years, national policy, increasing financial pressures and growing demand for services have led to the redefining of partnership working and the redevelopment of partnership structures, both at a regional level and beyond, as well as locally within St Helens.

At a sub-regional level, along with five other local authorities, St Helens is part of the Liverpool City Region Combined Authority. Formally established on 1 April 2014, its purpose is to facilitate greater economic growth across the City Region and provide transparent and accountable strategic decision-making in support of economic development, transport, strategic housing, and employment and skills. This partnership and devolution agreement will have a significant influence on the future ability of the region and St Helens to create sustained economic growth. St Helens Borough Council will seek to



ENSURE CHILDREN AND YOUNG PEOPLE HAVE A POSITIVE START IN LIFE



PROMOTE GOOD HEALTH, INDEPENDENCE AND CARE ACROSS OUR COMMUNITIES



CREATE SAFE AND STRONG COMMUNITIES AND NEIGHBOURHOODS FOR ALL



SUPPORT A STRONG, THRIVING, INCLUSIVE AND WELL-CONNECTED LOCAL ECONOMY



CREATE GREEN AND VIBRANT PLACES THAT REFLECT OUR HERITAGE AND CULTURE



BE A RESPONSIBLE COUNCIL

maximise the opportunities that it brings both in the short and longer term.

At a district level, in response to the significant challenges facing the Borough, not least the impact of the pandemic, ways of partnership working have been redefined through a more collaborative approach with new models of integrated service delivery that are resilient and capable of delivering required outcomes.

The Council structure is currently supported by:

- The People's Board, taking on the statutory responsibilities for Health and Wellbeing Board, sub-groups include an Inequalities Commission, and the Integrated Care Partnership Board.
- The Community Safety Partnership, taking on the statutory duties to make communities safer and ensure the voices of local people are heard on policing and community safety issues.
- The Children's Improvement Board established in response to the Ofsted ILACS inspection in 2019.
- Two working partnerships with the private sector to forward its regeneration ambitions in relation to Parkside and the town centres/wider localities.

The integration of health and care services within St Helens provided a strong starting point for enabling a coordinated response to the pandemic and driving health and care service improvement. This is being progressed further through the creation and development of the [Integrated Care Partnership structure](#), the 'Care Communities' model and St Helens' locality-based working model.

Locally, the onset of the pandemic led to the creation of 'St Helens Together,' a partnership between St Helens Council and a range of voluntary organisations brought together by Halton and St Helens Voluntary Community Action, which led the community support response to Covid-19 with a shared

purpose and common goals. St Helens Together has since come to encompass a Borough-wide approach to delivering help and support where it is most needed and has been key to initiating a community response to the cost-of-living crisis.

The last 3 years have brought a renewed energy, purpose and commitment to partnership working across local government, public sector partners, the private sector, the voluntary sector and community groups. In the light of current circumstances, the further strengthening of this collaborative effort will be key to addressing effectively the legacy impacts of the pandemic, tackling growing inequality and providing community support for an ongoing cost-of-living crisis both across the Liverpool City Region and locally within St Helens.

### **Locality-Based Delivery**

In March 2021, Cabinet agreed the geographical footprint of seven localities that best reflect local community identity and circumstances. This locality model is intended to recognise and consider that demographic and environmental conditions across our Borough differ and that there are wide variations between areas.

Since March 2021, work has progressed to consider potential locality ways of working and explore opportunity for greater collaboration with partners at a local level and in community settings. The development of locality profiles has enabled greater insight and understanding of the needs and priorities of localities. This information, coupled with meaningful community engagement activity, has helped to influence the design and shape of services.

Key development work, underpinned by locality principles, has included Parr and Chester Lane, and the launch of the Sutton Family Hub Centre. In addition, reshaping of key services such as library services, operational services, and Children's Early Years to operate a locality-based model of working has provided opportunity to test and evaluate the potential of a future long-term target operating model for the whole organisation.



## 6. Operational Environment

Over the course of 2022-2023, the Council has continued to operate against the backdrop of an increasingly complex and uncertain landscape. The Covid-19 pandemic was the most testing emergency that the Council, and indeed the borough, ever faced, bringing devastating and far-reaching consequences for the economy, local communities, and the lives of individuals within the Borough. Hard on its heels has followed the cost-of-living crisis, with soaring prices and inflation that continues in double digits, bringing further significant challenges for communities, the Council and its partners alike.

Prior to the onset of the Covid-19 pandemic, the Council was already facing a number of significant challenges, which in summary included:

- Severe financial risks and pressures stemming from continual grant reductions at a time of rising cost and demand for services.
- The requirement to deliver significant improvement in Children's Services following a full Ofsted ILACs inspection in September 2019 and the judgement of 'Inadequate'.
- The requirement to deliver a council-wide programme of improvement and modernisation following the Local Government Association Peer Review and Culture Review in the period January to March 2019.

The Covid-19 pandemic and its long-term impact, coupled with the current economic climate, have significantly increased and amplified the challenges and uncertainty facing the Council. The Council's traditional operational environment, its range of services and the way in which they are delivered, have, as a consequence, changed immeasurably, as it finds itself needing to do more with ever-diminishing resources.

As a community leader and partner to the

health, business and voluntary sector, the Council's focus remains firmly on addressing the impacts felt at the local level, whilst advocating for both St Helens and the Liverpool City Region at the national level.

### *The Financial Operating Environment*

Prior to April 2020, the Council was already operating within a very challenging and uncertain financial climate. Since 2010, ongoing cuts in government funding have resulted in significantly reduced Council budgets and the loss of millions of pounds of central-government funding. St Helens was disproportionately affected, with relative annual grant reductions far higher than those experienced in more affluent areas of the country.

In addition, the Council has continued to face huge financial uncertainty and associated risks, not least those stemming from lack of clarity surrounding future levels of government funding, with reliance on single-year financial settlements, delays in the implementation of the Government's Fair Funding Review and the review of the Business Rates system. A comprehensive assessment of all the Council's financial risks is contained within the [Medium Term Financial Strategy](#).

These longstanding financial challenges were severely compounded as a result of the pandemic, with an exponential increase in demand placed on Council services, loss of income from fees and charges, and significant reductions in Business Rates and Council Tax receipts. This position has now been further exacerbated by the shrinking economy and rise in living costs impacting households and businesses, which has introduced further uncertainty about the level of funding the Council will be able to raise from revenue sources in future years.

Some additional funding has been forthcoming from central government, but the quantum of this funding has been unequal to the financial pressures that the Council has faced, both in relation to the aftershocks of the pandemic and to severe inflation. Whilst the 2021 Spending Review did provide additional funding for local government in 2022-2023, it did not allow for further increases in general

settlement funding in 2023-2024 or 2024-2025. This leaves local authorities increasingly reliant on other revenue sources to meet spending requirements, and the most deprived areas like St Helens more disadvantaged due to significantly less ability to raise additional sums through local taxation.

Though difficult to quantify, the legacy financial pressures arising from the pandemic, coupled with rising costs associated with the current economic climate, will mean that the Council continues to face a very challenging funding position into the foreseeable future. In financial planning terms, the degree of estimation and uncertainty that this has introduced remains unparalleled.

In March 2022, the Council approved its Medium-Term Financial Strategy (MTFS) 2022-2025 and Capital and Revenue Budget 2022-2023, which identified a savings requirement of £11.344m over the period 2022-24, with a need to pursue further savings options to fill a budget gap of £12.793m over the 3-year period.

The budget was formulated and agreed against the aforementioned backdrop of significant and increasing demand-led pressures, particularly in relation to social care, the need to resource local economic recovery from the pandemic, and a commitment to deliver the ongoing transformation of the Council's form and function.

It also addressed the need to rebuild reserves, both to provide financial resilience and to lay a foundation for the delivery of the Council's statutory responsibilities, corporate priorities, and Borough-level strategic objectives as set out within [Our Borough Strategy 2021-2030](#). This included key commitments to:

- Leading a Growth and Regeneration agenda aimed at delivering the economic activity within the Borough required to increase local jobs, opportunities, and skills, and generate the local revenues necessary to sustain the future

effectiveness of vital council services.

- Prioritising actions and delivering new models of practice to ensure that all children and young people in the Borough receive the support, care, and protection they need and deserve, following the Ofsted inspection in November 2019.
- Progressing the integration of Social Care, Housing, Health, and other public services within Cheshire & Merseyside Integrated Care System, allowing partner organisations to manage demand, reduce costs and improve people's outcomes through integrated provision of high-quality care and support.
- Delivering a programme of transformation and digitalisation to ensure that residents, businesses, partners and communities are provided with the best-possible services.

An overview of the key elements of the Council's finances over the period 2022-2023 is contained within Section 7 of the Narrative Report. The Council's future financial outlook is addressed within Section 10.

### *The Council's Wider Operational Environment*

The impact of Covid-19 on the wider operational environment of the Council and the services it delivers has been profound, necessitating and driving wholesale change and cultural transformation across the organisation. Over the period, the Council had to adjust and adapt to a constantly shifting environment, mobilising quickly and effectively on different occasions to address the challenges.

From the onset of the pandemic, the Council's Executive Management Team consistently initiated timely and effective action to ensure the implementation of Government policy and national guidance to limit the spread of the virus, protect the health of residents and Council staff, ensure vital support for the care and safety of the most vulnerable within the community and develop plans to address the impact of the pandemic.



In short, the Council's approach centred on:

- The establishment of and participation in effective strategic response structures both locally and regionally.
- The coordination of strengthened internal and external communication and engagement processes.
- The coordination and delivery of an effective community support response and targeted support to the most vulnerable.
- The implementation of revised ways of working and service operation.
- The adoption of a phased approach to reset and recovery planning.

The operational and strategic response to Covid-19 was set out within the Council's three-phased 'Roadmap to Recovery', completed in March 2021 and aligned to the national roadmap, to provide a framework for continued effective local decision making.

The effectiveness of the Council's role was acknowledged by the LGA in a Recovery Renewal Panel review, and within the local community, where 79% of people surveyed were satisfied with the Council's response to the pandemic, whilst 49% thought it was 'good' or 'excellent'.

A full account of the Council's response to the pandemic at its height and the impact on its operational environment can be found within the two Narrative Statements to the 2020-2021 and 2021-2022 [Statement of Accounts](#) and the Public Health Annual Reports [2020-21](#) and [2021-22](#).

As the country transitioned to a position of living with Covid-19 and the pandemic abated over the course of 2022-2023, the Council working with partners continued to maintain a high level of vigilance with ongoing support to ensure the success of vaccination programmes across age groups and the continuance of a local response to cases of Covid-19 in high-risk key settings.

During the year, however, the key focus of the Council has been on continuing to deliver a programme of organisational

transformation and continuing to collaborate with partners to address the residual impact of the pandemic and the growing effect of the cost-of-living crisis on the community.

The Council's hybrid working model is now well established as its default modus operandi. The transition to an organisation that is now predominantly operating both remotely and in an agile way, has been achieved successfully following investment to support new ways of working via a transformational shift to greater digital delivery and the creation of agile workspaces.

The resilience and adaptation shown by staff remains impressive. Widespread engagement with the staff to shape and influence the direction of the organisation through the Ways of Working Group, its constituent sub-groups and a network of over 140 staff Culture Champions has continued successfully to shape and influence the direction of the organisation. To support this, the review of key policies and procedures, and the delivery of training to support a healthy, resilient, effective workforce has been ongoing. An assessment of lessons learnt was undertaken to assist the Council in continuing to develop its organisational vision, values and workforce. Around a third of our workforce participated in 'creating our culture together' sessions to establish our new 'Working Together' vision and new 'What makes us TICK Values' (Trust, Integrity, Collaborating & the drive to Keep innovating). Our vision and values are now well embedded within our organisational culture, and the ambition remains for the new ways of working to drive greater efficiency, better manage demand and reduce costs, whilst delivering smarter service provision and improved outcomes for the community.

Over the course of 2022-2023, the strong organisational focus on addressing the impact of the pandemic, an escalating cost-of-living crisis, and widening inequality has been maintained. Our Borough Strategy 2021-30 has a clear lens on recovery, with its priorities informed by the experience of the community during the pandemic. The Council's plans for recovery are aligned to the priorities and outcomes framework of the Borough Strategy, and key actions for recovery are now encapsulated within a range of new sub-

strategies, including our new Housing Strategy and Inclusive Growth Strategy, which were published during 2022-2023. This activity is also captured within an overarching Organisational Delivery Plan and a range of business and service plans, covering all key Council functions.

Strong progress has been made across the Council's key thematic areas for recovery, which focus on delivering organisational, economic, educational, health and community recovery outcomes (see Section 8, Council Performance Summary 2022-2023). This ongoing activity will be progressed, monitored reviewed and reported over the course of 2023-2024.

## **7. St. Helens Council Financial Summary and Resource Allocation 2022-2023**

The following provides an overview of the key elements of the Council's finances over the period 2022-2023.

### **Background**

The Government published its final Local Government Finance Settlement documentation for 2022-2023 on 7 February 2022 and approval was given by the House of Commons on 9 February 2022. This was the fourth consecutive one-year settlement, limiting financial planning and sustainability. The settlement confirmed the Council's continued participation in the Liverpool City Region 100% Business Rates Retention Pilot scheme.

The Council faces significant financial challenges and funding uncertainty, which will undoubtedly continue into the foreseeable future. Nevertheless, ensuring financial sustainability is a key priority, and the Council remains committed to delivering its statutory responsibilities and strategic ambitions. The prioritisation of resources will be fundamental in ensuring that these ambitions are achieved within budget constraints.

The aftershocks of the Covid-19 pandemic continued to be felt in 2022-2023, and it is anticipated that associated income and expenditure pressures will endure for a

number of years. It should be noted that there was no additional funding from government to support legacy Covid-19 pressures in 2022-2023, which therefore needed to be managed within the Council's overall budget.

In preparing the 2022-2023 budget, information highlighting the extent of the budget challenge was published on the Council's website, and an active social media campaign took place. A public consultation was subsequently undertaken, inviting residents and businesses to share their views on the Council's spending and service priorities as set out in the Borough Strategy 2021-2030. The process was also subject to Member review via a Budget Scrutiny Task Group established by the Overview and Scrutiny Commission. The consultation ran from 8 December 2021 to 3 January 2022, with 104 responses received.

On 12 January 2022, Cabinet approved a Budget Report 2022-2023 which reported on progress in identifying savings options to meet the anticipated budget gap for 2022-2023 and future years. Following release of the final Local Government Finance Settlement in February 2022, the budget gap for 2022-2023 was identified as £6.044m, and savings of this value were approved by Council on 2 March 2022. A robust process for the management and monitoring of these savings enabled early identification of those savings at risk of not being delivered.

The original 2022-2023 budget and the Medium-Term Financial Strategy 2022-2025 were approved at a meeting of Council on 2 March 2022. The approved budget allowed for a Council Tax increase of 2.99% for 2022-2023, inclusive of the application of a 1% Adult Social Care precept. This increase helped protect the delivery of statutory functions and other essential services at a time of rising demand.

The budget was formulated and agreed against a challenging backdrop of significant demand-led pressures, particularly in relation to social care. Opportunities to manage demand for services remain key, and it is increasingly evident that successful implementation and delivery of demand-management strategies in relation to both



children's and adult social care will be critical in ensuring the financial sustainability and resilience of the Council.

The budget was also approved with regard to the Council's statutory responsibilities, as well as the wider financial risks and uncertainties facing the Council. These include the legacy impact of Covid-19, the uncertainty of future funding, demands on resources arising from decisions previously made, and wider economic pressures relating to interest rates and inflation.

Inflationary pressures had an enormous impact in 2022-2023. The rate of inflation relentlessly moved upwards throughout the year, reaching a 40-year high of 11.1% in October 2022. This was driven by a combination of demand for consumer goods, labour market shortages, the war in Ukraine and rising energy prices. Whilst the rate of inflation has decreased and is forecast to continue to decrease, these pressures are likely to continue to be felt in 2023-2024 and beyond.

On 5 October 2022, Cabinet approved an Interim Budget Update which provided further detail on these inflationary pressures. The most significant areas of pressure for the Council arising from inflation were identified as:

- Employee pay
- Energy prices
- The cost of social care provision
- Fuel prices
- Food prices

At the time, sensitivity modelling suggested that the Council's exposure to inflationary pressures could exceed £12.000m in 2022-2023 alone. The Council's ability to absorb inflationary pressures of this magnitude is extremely limited, and no direct additional government funding was provided to the Council in 2022-2023 to address such pressures.

Rising energy prices were a significant contributory factor to the inflationary environment in 2022-2023, having reached record highs. In September 2022, the Government announced an Energy Bill

Relief Scheme for non-domestic customers, which provided the Council with discounts on energy usage for the period between 1 October 2022 and 31 March 2023. Uncertainty surrounding the future cost of energy presents a serious risk to the Council.

In November 2022, the 2022-2023 Local Government Pay Award was settled, and a £1,925 increase on all pay points was agreed, equating to an average increase of approximately 7.7%. The approved 2022-2023 budget allowed for pay inflation of 3%. This assumption was not unrealistic when considered against the Government's own inflation forecasts, as included in the Autumn Budget and Spending Review 2021. The Local Government Finance Settlement itself used a 3.1% uplift for those elements that were subject to inflationary adjustments. It is clear that the cumulative impact of pay increases will result in significant pressures over the coming years.

### Revenue Outturn 2022-2023

Revisions made during 2022-2023 to the original revenue budget reflected the approved use of earmarked reserves and other technical adjustments and were reported regularly through the Financial Monitoring Reports presented to Cabinet. These reports provided updates on the forecast outturn position.

The following table provides detail of the 2022-2023 revenue outturn position for each directorate as compared to the revised budget, showing the position after:

- Neutral adjustments in accounting treatment and movements on uncontrollable budgets (e.g. depreciation and support service recharges)
- the carry-forward of unspent budget provision (£0.989m) for schemes funded by earmarked reserves continuing into future years
- the acceleration of use of earmarked reserves from future years (£0.311m)
- allowing for the earmarking of unconditional grants and contributions and previously approved resources (£1.286m) from 2022-2023 into 2023-

2024 where funding is required to deliver specific programmes of work.

<b>Outturn variation against revised budget 2022-2023</b>	<b>Adjusted Revised Budget 2022-2023</b>	<b>Adjusted Outturn 2022-2023</b>	<b>Variance 2022-2023 + / (-)</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
People's Services Directorate	117,003	125,749	+8,746
Place Services Directorate	42,850	45,442	+2,592
Corporate Services Directorate	7,440	6,397	(1,043)
<b>Total Directorate budget</b>	<b>167,293</b>	<b>177,588</b>	<b>+10,295</b>
<b>Council-Wide budgets</b>			<b>(5,790)</b>
<b>Outturn against revised budget 2022-2023</b>			<b>+4,505</b>

The revenue outturn position for 2022-2023 is an overspend of £4.505m. This overspend will reduce the Council's level of reserves at March 2023.

The overall overspend for 2022-2023 has been mitigated by variations within the corporate budgets. These variations are one-off in nature, the most significant variation being in relation to Treasury Management activity, where additional borrowing to fund capital expenditure was deferred and favourable Bank Rate movements increased market returns on investments.

The net portfolio variation is an overspend of £10.295m. This includes variances attributable to the settlement of the 2022-2023 Local Government Pay Award of £3.171m, as well as those relating to increased energy prices totalling £1.469m.

**The breakdown of the service directorate outturn position is as follows:**

#### **People's Services Directorate (+£8.746m)**

The budget position in respect of children's social care is extremely challenging due to increased demand for services experienced nationally over the last decade. In particular, the profile of children and young people being accommodated during 2022-2023 resulted in a budget pressure of £4.463m, including the delivery of services for those young people leaving care. There

was also a pressure of £0.854m on family support packages designed to help young people remain in the family environment rather than being brought into more expensive fostering or residential care.

The use of agency staff within children's social care was necessary to ensure that the required workforce was in place as the Council continues its improvement journey following the Ofsted judgement. Consequently, there was a budget pressure of £1.756m in respect of the main frontline children's social care workforce. This figure includes the impact of the pay award, which was in excess of budgeted levels to the tune of £0.631m.

The 2022-2023 budget contained a challenging programme of efficiencies totalling £3.159m in relation to the delivery of services for children looked after, early help/children's centres, family support, education psychology, home to school/college transport, youth services and other management and support services. Work continued throughout the year to identify savings options in respect of early help/children's centres; however, there was a budget pressure of £0.428m associated with this service.

In adult social care, the Learning Disability service overspent by £2.045m, which was primarily due to increased demand in relation to complex cases within commissioned residential and supported living services. This was offset by underspends within physical,



sensory and memory & cognition services of £2.199m, which was in part due to additional income received to support residential and nursing bed-based placements and hospital discharges.

There was a pressure of £0.395m in relation to aids and adaptations to support people to remain in the community. There was also an overspend against the pooled budget, of which the Council's share was £0.152m, and pressures across general supplies and services budgets of £0.294m, with other net portfolio variances of £0.188m.

### **Place Services Directorate (+£2.592m)**

During the year, pressures were reported across the directorate. The most significant were:

- Income shortfalls within the Pest Control, Environmental Health, Licensing & Land Charges, Cemeteries & Crematorium and Indoor Sports & Recreation services, totalling around £452k
- An overspend within Recycling of £562k. Pressure on the employee budget accounted for £407k of this, due to the use of agency operatives. An income shortfall of £308k was mitigated by underspends on external vehicle hire and tipping fees
- An overall overspend of £1.484m within the Direct Services division, which was predominantly due to inflationary pressures that arose on employee pay, food prices and fuel costs. There was also a net income shortfall across the service of £201k
- An overspend on energy costs relating to street lighting, traffic signalling and public buildings of £1.469m, after relief provided through the Government's Energy Bill Relief Scheme
- An overall overspend of £372k within the Estates service, which includes Church Square and the Hardshaw Centre. This included an income shortfall of £293k.

Savings in other areas provided some mitigation against these pressures. These included:

- An underspend of £1.141m within the Highways Maintenance service, which was mainly a result of significantly increased income generation throughout the year, particularly in relation to income from developers, capital fee income, street works permit fee income and footway crossings income
- An underspend of £261k in relation to Supporting People contracts, due to demand being less than the budget allocation
- An overall underspend within Planning of £140k
- An underspend within Waste Collection of £114k, mainly due to staff slippage
- Underspends of £112k within Traffic Management and Road Safety, predominantly due to additional income generation
- An underspend of £90k within Transport Planning as a result of vacant posts

### **Corporate Services Directorate (-£1.043m)**

The net underspend of £1.043m for the directorate includes:

- A £597k underspend on staffing budgets, due to departmental restructures and vacancy control
- A £446k underspend on supplies and services, due to managers proactively working to reduce expenditure on non-essential items

### **Reserves and Balances**

As a result of the unfavourable outturn position, the level of reserves at March 2023 decreased. It has previously been acknowledged that use of reserves to support the revenue budget is not sustainable.

The Council's earmarked reserves are principally based around the themes of service transformation, growth, and providing resilience to risks and uncertainties

surrounding future funding. They also allow for the 'smoothing' of financial resources arising from periods of transition and/or volatility.

A detailed list of reserves is shown in the Movement in Reserves Statement and the accompanying disclosure notes.

### Capital Outturn 2022-2023

The Council spent £49.620m in 2022-2023 on capital investment.

The details are shown in the following table.

Capital Programme Schemes	2022-2023 Expenditure £m
<u>Highway Schemes</u>	
A49 to M6 Junction 22 Link Road	13.670
CRSTS Schemes	5.757
St Helens Southern Gateway	1.887
Active Travel	1.061
Other Highway and Transportation Schemes	2.336
<u>School Schemes</u>	
Willow Bank School	3.639
Ashurst Primary Rebuild	6.204
Other School Schemes	0.981
<u>Regeneration Schemes</u>	
The Gamble Building and Earlestown Town Hall	2.319
St Helens Town Centre Regeneration	1.576
Pre-development – Parkside Regeneration	0.885
<u>Other Schemes</u>	
Fleet Replacement Programme	3.992
Housing and Community Safety Schemes	4.140
Other Schemes	1.173
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>49.620</b>

Funding Source	£m
Grants & Other Contributions	35.243
Capital Receipts	3.917
Revenue Contribution	0.940
Borrowing	9.520
<b>TOTAL FUNDING</b>	<b>49.620</b>

### Retirement Benefits

The net liability for retirement benefits shown in the Balance Sheet is as follows.

	31 March 2022 £m	31 March 2023 £m	Change 2022-2023 £m
Local Government Pension Scheme (Merseyside Pension Fund)	269.70	(0.06)	(269.76)
Teachers Pension Scheme	17.30	13.83	(3.47)
<b>TOTAL</b>	<b>287.00</b>	<b>13.77</b>	<b>(273.23)</b>



During 2021/22 the Council made an upfront payment to the Merseyside Pension Fund, representing 80% of the projected contributions for the two-year period commencing 1 April 2021. This position allowed the Council to generate corporate savings as a result of lower employer contributions over this period. This arises from the ability of the upfront costs to generate additional investment returns. Note 11 to this statement provides further narrative in relation to the exercising of this option to make an upfront payment.

At the end of 2022/23 the Council's share of the overall Fund (excluding Teachers) was a net surplus of £0.060m compared to a net liability of £269.696m at the end of the previous year. This reduction is due to underlying economic conditions, which influence the financial assumptions and variables that the Fund's actuaries use, particularly the significant increases in the discount rate used by the actuaries to estimate the current value of future pension liabilities (previously 2.8%, now 4.8%). The existence of a higher discount rate has resulted in a significant reduction in the current value of the Fund's liabilities.

### **Borrowing**

As at 31 March 2023, the Council's level of borrowing was £137.509m, which is a lower level of borrowing than at 31 March 2022. This is due to the Council not having taken out any new borrowing over the course of the financial year and the maturity of a 3.1m PWLB loan in-year.

The level of borrowing remains considerably below the underlying need for borrowing, as a result of longstanding strategy decisions to use available resources to negate the need to incur additional borrowing, especially given that current interest rates are so high. The strategy also allows for borrowing to be undertaken when it is deemed most opportune, based upon current and forecast interest rates. This is consistent with the advice received from the Council's appointed treasury advisers.

## **8. St. Helens Council Performance Summary 2022-2023**

The link that exists between budgets, business planning and delivery and performance targets is critical to the achievement of the Council's desired outcomes for both the organisation and the community.

In 2022-2023, performance management in the Council continued to be driven by, and focused upon, achieving the six strategic priorities and related outcomes outlined in the 'Our Borough Strategy 2021-30' (see Section 5 – Vision and Priorities).

A revised [Performance Framework](#) and targets, aligned to the priorities, outcomes, and measures of success within the Borough Strategy was developed and approved by Cabinet in April 2022. A review of indicators and targets is conducted annually to ensure their ongoing relevance. Performance targets are set to be challenging, but realistic, and commensurate with the available level of resource. The process is subject to internal challenge, and the range of measures and associated targets is formally approved by Cabinet. The [Performance Framework](#) was again reviewed and reapproved by Cabinet in April 2023. Performance is reported quarterly to Cabinet over the course of the year and reviewed by Overview and Scrutiny, allowing the opportunity for examination of any specific areas of underperformance or concern. Over the course of 2022-2023, the Shape, Change and Performance Meeting, consisting of all members of the Senior Leadership Team, provided a structured forum for promoting strong ownership, accountability and constructive challenge on matters of performance to drive improvement.

Feedback from the most recent LGA Peer Review Revisit provided an assessment of what has changed, what has got better and those areas where the organisation still needs to improve since the 2019 Peer Review. The report acknowledged:

"The Council has changed considerably and is in a far stronger position than where it was at the time of the last peer challenge in 2019. The Council has made a number of significant improvements and is well placed to capitalise on the firm foundations this has created. The pace of activity and organisational improvement demonstrated has been impressive, and is a credit to members,

officers, and partners across St Helens. The Council are, however, realistic about the need to focus on continued improvement. There is a consistent appetite to continue this improvement journey, which draws a level of enthusiasm from almost everyone the peer review team spoke with".

Full detail of the findings can be found in the [LGA Corporate Peer Challenge Review Report](#).

The continued effect of the pandemic, rising demand for services and the requirement to deliver significant budget savings has an inevitable impact on the Council's ability to meet performance targets and demonstrate improvements in performance trends.

The Council's Performance Outturn report for 2022-2023 will be publicly published and approved by Cabinet on 19 July 2023. The Council's performance over 2022-2023 demonstrated areas of strong performance whilst highlighting areas where the Council is not yet meeting the ambitious targets to deliver its high aspirations.

In summary, over the course of 2022-2023, the position is that 73% of performance indicator targets have been either exceeded, met fully, or met within 95% of target. This is an improvement on the position over the period 2021-2022, where 64% of performance indicators either exceeded, met fully, or met within 95% of target.

Many of the indicators within the Council's Performance Framework have been impacted to varying degrees by the Covid-19 crisis and the current economic crisis. Over the year, 61% of all indicators saw an improved performance trend or maintained the same level of performance in 2022-2023 compared to the same period in the previous year. This was the same as the position in 2021-2022 where 61% of all indicators also saw an improved performance trend or maintained the same level of performance compared to the previous year.

St Helens' inter-authority performance compared to other similar councils

continues to show a mixed picture. 15% of all indicators where comparison is possible are in the top quartile, compared to 27% at outturn 2021-2022. 22% of indicators are in the second quartile compared to 17% at outturn 2021-2022, 31% of indicators are in the third quartile and 32% in the bottom quartile, compared to 18% and 38% respectively at outturn 2021-2022.

The Council's Performance Outturn report for 2022-2023 will be available within the [Strategy and Performance](#) section of the Council website. A brief overview of some of the key points in relation to performance and the delivery of strategic priorities is set out below.



### Priority 1 - Ensure children and young people have a positive start in life

The Council's commitment to placing children, young people and families at the heart of its work programme and continuing the journey of improvement within Children's Services was maintained over the course of 2022-2023. There has been significant ongoing investment in key areas such as an edge of care team, a complex safeguarding team and additional resources for foster carer recruitment and retention and the commissioning of in-house children's residential homes. Financial assistance has also been provided to foster carers and care leavers who have been impacted by the cost-of-living crisis. The recent formation of the People's Directorate has ensured delivering improvement in Children's Services remains the Council's number one priority with strong ongoing political and senior leadership.

Stability within the Senior Leadership Team, a positive work culture and a revised comprehensive [Improvement Plan](#) approved in April 2022, have all contributed to good progress being made during 2022-2023.

Ofsted monitoring visits again continued throughout the year following the ILACs inspection judgement of Inadequate in 2019. The findings from last monitoring visit in December 2022 and feedback from the DfE advisor in March 2023 all point to a faster pace



of improvement and demonstrable progress being achieved in most areas.

Inspectors highlighted the significant focus placed on quality assurance to improve social work practice and the impact of this on outcomes for children. The Improvement Team was seen by inspectors as having a positive effect on social work teams and their learning and practice, through the coaching and support provided to staff. The quality of planning for children has also improved since 2021, and when risks emerge children are safeguarded appropriately. Equally when risks decrease, levels of intervention also decrease. Inspectors praised the good services provided to parents who are experiencing domestic abuse or are misusing substances, noting the success of the Change Grow Live (CGL) service which educates parents to understand the impact their substance misuse has on their children and supports them to overcome their difficulties. The voice of the child is usually present which has helped social workers to develop professional relationships with children and better understand their lived experience. Inspectors acknowledged that the leadership team continue to relentlessly drive the improvement journey to create an environment where quality of practice is becoming more effective. However, there are still some areas which need focused attention to ensure the next full Ofsted inspection continues to reflect more effective and consistent practice, and a resultant improvement in outcomes for children in St Helens. Full feedback can be found in the [Ofsted monitoring visit letter](#).

The performance trend for children's social care indicators over the last 12 months showed good improvement, although the volume of service demand remains high in areas, and St Helens remains as a lower quartile performer for certain indicators compared to statistical neighbours.

The referral rate of children to children's social care in St Helens at the end of March 2022 was 689 per 10,000 children, a small decrease on the previous 12-months but high compared to statistical neighbour (604), Northwest (548) and England (538)

rates. The number of children on a Child Protection plan at the end of March 2023 was 281 saw a 22% increase on the same period in the previous year and is again higher than statistical neighbour, North West and England rates.

St Helens Early Help services have been redesigned following independent reviews and work is ongoing to strengthen multi-agency preventative support for children and families. The majority of families are having their needs met by the interventions they receive from Early Help services, with 86% of Early Help cases not resulting in a re-referral to children's social care within 12 months of the case being closed. Feedback from children and families about the support they have received from Early Help services has been very positive. Comments from parents and children have included, "Early Help has helped me put boundaries in place and has given me self-worth and self-confidence," "I no longer feel so alone," and "it has made me calmer."

In March 2023, St Helens' first Family Hub opened in Sutton, providing support and advice for parents and families with children up to 19 years old or up to 25 for those with special educational needs and / or a disability (SEND) on a range of family-related issues. These include health visiting services, child development services, and school readiness support. The service's 'go further' offer also supports family members where parental conflict, domestic abuse or substance misuse issues exist.

Other initiatives focused on providing support to families have included:

- the development of a new FaST panel (families staying together).
- ongoing delivery of the parenting programmes the 'Incredible Years' focussed on under-fives and the 'Triple P' for teenagers, both of which are delivering good outcomes. One parent said, "Every parent has noticed that what we have learned is having a positive effect on our children."
- The Holiday Activities and Food (HAF) programme has delivered 35,000 opportunities for children since Easter

2021. 6,093 children attended in summer 2022, a 50% increase on attendance in the previous summer.

The number of Children Looked After has remained more or less static over the last 12 months, although the longer-term overall trend continued to fall from a high of 534 in October 2019 to 473 in March 2023. Rates of Children Looked After however remain significantly higher than statistical neighbours, regional and national averages. Implementation of a Children's Social Care Demand Management Strategy continues with the aim of safely reducing numbers of children in care and associated costs.

To improve outcomes for Children Looked After the Corporate Parenting Strategy has been updated with input from children and young people and the Corporate Parenting Forum has been reformed and reinvigorated. A reformed Children in Care Council with a yearly programme of participation events and opportunities for children and young people was convened. The allocation of £2.379m capital investment was approved in April 2023 to deliver up to 5 additional Children's Residential Homes in-borough over the next 18 months. Once the capital investment has been repaid by year 5, the project is expected to achieve an annual revenue saving of £765k, whilst ensuring that more of our children are placed within the local authority's area.

Over the course of 2022-2023 the Council continued its efforts to ensure a high number of children achieve permanence within their extended families or through adoption. In 2021-2022 there were 27 who left care through a Special Guardianship Order (SGO) and in 2022-2023 there were 40 children. Adoption figures increased in 2021-2022 to 14, and this number was maintained in 2022-2023 with a further 10 Adoption Orders booked with the courts at year-end.

St Helens' Care Leaver service continued to perform well comparatively against the three key outcome measures. Most care leavers are supported to live in suitable accommodation, they are in touch with the

service, and they are increasingly accessing employment or education opportunities. A Care Leaver Hub has been successful in supporting care leavers, with a food bank and a clothing bank, as well as support around benefits, housing, dealing with the cost-of-living crisis and accessing appropriate services. Numbers in attendance have increased from 3-4 in 2021 to around 70 care leavers in 2022-2023.

The recruitment and retention of staff has been a significant national and local challenge, however the development of a Workforce Strategy which includes a recruitment and retention programme is now improving the stability of the children's social care workforce. Interviews for the first cohort of international social workers took place in early December, with the first group starting in April 2023. The strategy is now leading to children experiencing less changes of social worker. In the Children We Look After service in May 2022, 25% of children had more than 3 social workers during the previous 12-months. By September 2022 this dropped to 13% and reduced further to 9% in March 2023. This greater stability is enabling more children to build secure relationships with their allocated social worker. Due to successful recruitment, caseloads are also continuing to decrease. The average number of cases per social worker in March 2023 was 14.7 In 2021 average caseloads were 20. Only 12 social workers had caseloads over 20 in March 2023.

Within the area of education and schools, the Council continued to provide a coordinated and effective response to the many and varied Covid-19 legacy related challenges impacting St Helens' education settings and children and young people. Close ongoing collaboration with schools and headteachers over the year has resulted in the development of three 'obsessions' focussing on attendance, inclusion, and wellbeing, along with related workstreams that are enabling senior officers and headteachers to share successful practice and improve outcomes.

Post Covid there has been an increase locally, regionally, and nationally in overall rates of school absence. During October and November 2022, the overall absence rates for St Helens were above both regional and



national percentages. In response an intense focus was placed on identifying those children with concerning levels of attendance and a partnership approach in applying challenge and support adopted. Although there continues to be much work to be done, improvements have been made. At March 2023 for the academic year to date St Helens overall absence rate for primary schools at 6% was better than the national average of 6.5% and only marginally above the regional average of 5.9%. St Helens persistent absence in primary schools was also lower than the national average. At secondary level St Helens' overall absence at 9.8% was below both the regional (10.4%) and national (10.6%) averages, as it was also for persistent absence. A multiagency 'Behaviour & Attendance Board' was launched in April 2023 to provide overarching governance arrangements to drive further improvements in school attendance.

Over 90% of children and parents received one of their first three preferences of primary or secondary school, higher than both regional and national figures and a very positive outcome given the links between not receiving first preference and absenteeism.

Delivery of the St Helens School Readiness Strategy progressed strongly through the plans put in place to establish Family Hubs and implement the Start for Life programme, with national funding jointly overseen by the Department of Health and Social Care and the Department for Education. From April 2022 delivery of an evidence-based school readiness programme 'Big Hope Big Futures' has been successful in working during the year with over 150 families in the community bringing improvements for children and families.

The School Effectiveness service have continued to work closely with schools across the Borough and there has been an improvement in the percentage of educational settings now rated as 'Good' or 'Outstanding' by Ofsted. All private Early Years settings inspected by Ofsted in the borough are judged 'Good' or 'Outstanding'.

The percentage of 'Good' or 'Outstanding' primary schools is now 96%. Four of the 7 Secondary schools with national Ofsted ratings are now deemed to be 'Good', however 3 still require improvement. All four secondary schools with sixth form provision have been inspected since 2020 and all judged to be 'Good'.

Key indicators representing pupils' attainment scores across Key Stage 2 and Key Stage 4 have remained below comparable regional and national averages. The challenge remains to close a widening attainment gap and drive-up attainment across all schools with a focus on improvement for our disadvantaged children.

Intense support continued to ensure the success of young people's learning after the age of 16. Ambitious targets for 16-17-year-olds to have a September Guarantee of a suitable place in learning were met. The number of 16-17-year NEET (not in education, employment, or training), increased slightly in year but compares favourably to national and North West averages. Additional investment into NEET prevention has led to more intensive support being targeted at our most vulnerable young people through the Positive Inclusion Programme.

Planning continued over the year to ensure readiness for the revised Ofsted Inspection framework for children and young people with special educational needs and / or a disability (SEND). Dedicated support continued to children and young people with SEND, with a range of universal, targeted and specialist services in place to identify and meet their needs. The quality of support was increased to pupils with Social, Emotional and Mental Health (SEMH) needs by investing in the multi-million pound rebuilds of Ashurst Primary School and Willow Bank Special School. Additional new provision for pupils with autism has been provided at De La Salle and for primary pupils at Wargrave and Grange Valley Primary Schools under a collective title of STRIDE. The Council has also made it easier for families that have children with special educational needs and disabilities to get the information and advice they need through a dedicated Helpline and easy to read documents. Abbeyford, the Council's

children's home that offers respite breaks for children and young people with complex health, learning and social communication needs was awarded its seventh consecutive 'Outstanding' Ofsted rating in April 2023.

The Youth Justice Service was inspected by HMI of Probation during the year and received an overall grading of Good, with 8 out of the 13 domains judged as outstanding, including all practice domains. Performance in terms of the number of first-time entrants to the Youth Justice Service has remained strong over the year and re-offending rates, although still high, have shown improvement.

Performance in relation to Public Health measures continues to reflect many of the issues inherent within the health of the local population. Comparative performance across much of the Public Health Outcomes Framework for children and young people remains in the lower quartile. High rates of teenage conceptions, hospital admissions for self-harm, children with excess weight in Reception and Year 6, and the rate of alcohol specific admissions to hospital for under 18s all present a significant challenge with rates in St Helens amongst the highest nationally. Programmes of work were ongoing over the course of the year to address performance.

In the summer of 2021, St Helens was awarded £293,782 a one-year grant as part of the government's Mental Health Recovery Action Plan 2021/22 which aimed to ensure the mental health impacts of Covid-19 were rapidly addressed as well as reducing widening mental health inequalities by targeting deprived communities and vulnerable groups. The funding was used to target children and young people's settings, the community, and the workplace. As a result of the funding there are around 27,000 direct beneficiaries and 41,214 indirect beneficiaries.

Joint work between Children's Services and Public Health contributed towards ensuring 20 schools will be working towards achieving the Therapeutic Schools Award. The Therapeutic Teaching course is designed to embed practice around improving children's mental health and

wellbeing.



## Priority 2 - Promote good health, independence, and care across our communities

During 2022-2023 the Council and partners have continued to lead the way on the integration of health and care services in the borough through the ongoing development of the St Helens Place Based Partnership (PBP) approach.

The aim of the PBP is to establish more a collaborative, integrated and strategic approach to the commissioning and delivery of services. The Integrated Commissioning function has continued to deliver the focus on developing joined up public health, preventative and early intervention strategies and interventions through a localities approach to the provision of integrated health and care services.

The place-based approach to integration in St. Helens has already demonstrated a high level of effectiveness. To build on the successes to date the Section 75 agreement, the statutory document that sets out the arrangements for integrated working between the Council and NHS Cheshire & Merseyside Integrated Care Board (ICB) including the Integrated Commissioning Fund and the level of pooled resources, has been recently reviewed and agreed for 2023-2024 in order to better manage the cost of providing a more responsive and focused health and social care service and deliver improved value for money.

Robust local governance arrangements continue to function well, with the Integrated Care Partnership (ICP) Board developed and reporting to the People's Board. Groups below this are in place to ensure we meet our mission to deliver on the three priorities of [St Helens People's Plan](#) and tackle health inequalities.

The People's Plan provides the vision for the PBP and sets out the 3 priorities of promoting mental wellbeing, tackling obesity, and helping our communities to be resilient. Embedded within the plan is an absolute commitment to tackling inequalities.

St Helens Tackling Inequalities Commission was established in November 2021 and its work continued over the course of 2022-2023. The Council is also working closely with the NHS on 'Core20plus5' which focuses on reducing health inequalities for the most deprived, with a focus on five clinical areas: maternal health, people with severe mental illness, chronic respiratory disease, early cancer diagnosis and hypertension.

To support the work of the Tackling Inequalities Commission, the Council worked with the Institute for Voluntary Action Research and Halton and St Helens VCA to establish community engagement workshops with residents during February and May 2022. The events helped shape the priorities and work plan of the Commission from a community-centred perspective. Four priority themes have been identified; raising aspirations, tackling stigma and negativity, building healthy relationships, and tackling poverty and ensuring basic needs are met, along with required actions that have a particular focus on tackling food and fuel poverty.

Actions that have been committed to or undertaken to date include expanding access to community food pantries to combat food poverty, rekindling the multi-stakeholder fuel poverty focus group, and mobilising additional volunteers to be trained to support the pantries and/or provide fuel poverty advice to local residents. In addition, 8 micro-grants to community organisations have been awarded, a Facebook page called 'Positive People and Place' was established, and funding for an online platform to support community work around reducing inequalities established.

[St Helens Public Health Annual Report 2021-22](#) presented to Cabinet in October 2022 and to People's Board in November 2022, focuses specifically on inequalities and is titled 'Bridging the Inequalities Divide'.

Work continued over the year to progress the Care Communities Programme which is designed to provide the right personalised care and support, regardless of where or how people access services within St

Helens to meet the needs of patients, families, and carers. The programme builds upon the success of the St Helens Cares health and social care teams already in place, focussing on the Council's workforce working more effectively together, reducing any duplication, increasing efficiency in service planning and delivery, and enabling an experience that it better for patients, and better for staff. Key to success will be multi-disciplinary teams of health and care staff who will work together, across organisational boundaries, to support more integrated care for those who are known to several services and manage complex patients and families with multiple disadvantages more holistically, rather than being looked at by each individual or organisation for the condition purely for which they are presenting. This will initially focus on bringing together health, social care, and voluntary sector colleagues before embracing wider colleagues from Education, Housing, and the Police to provide a truly integrated approach to looking after our residents.

Following the announcements of the Social Care White Paper 'People at the Heart of Care' a 10-year plan for Social Care in December 2021, the Adult Social Care department has undertaken wide ranging focussed activity over the year in preparation for implementation of the reform. An Adult Social Care Transformation and Reform Board has been created to oversee this process which will complement and feed into the wider council transformation forums.

In preparation for the reintroduction of the Care Quality Commission's (CQC) inspections for Council's Adult Social Care Responsibilities and new Assurance Framework, the department completed a Local Government Association (LGA) / Association of Directors of Adult Social Services (ADASS) self-assessment tool and a Peer Review which took place in February 2023. Initial feedback from the Peer Review demonstrated that within St Helens Adult Social Care, we have well supported and committed staff - a great place to work, strong political and corporate support, really good partnerships, a strong focus on delivery, good performance, strong relationships across the Safeguarding Partnership, positive examples of integration (Continuing Health Care, Contact Cares, Integrated Discharge Team, and Shared Care



Record), trusting relationships, strong discharge arrangements and a personalised approach. However, a number of areas for improvement were also highlighted and these findings form the basis of a Development Plan which will be addressed over the coming months leading up to and beyond the CQC assessment.

In response to the complex changes to the charging arrangements between councils and service user's element of the reform, the Adult Social Care department developed a Programme Management approach with dedicated workstreams and leads to ensure the overarching work is taken forward ahead of further guidance and expected implementation in October 2023. Initial assessments are being undertaken from April 2023 and the department has implemented processes to model the financial and resource impact of implementing this legislation and the challenges it will potentially bring. The Council also undertook a Fair Cost of Care exercise with colleagues from Liverpool and Knowsley to ensure there is a consistent approach to the aspect of government reform on Market Sustainability and the Fair Cost of Care Fund.

A 2-year Adult Social Care Integrated Commissioning Strategy and Demand Management Action Plan was approved by Cabinet in April 2022. The strategy outlines the future approach to adult social care where there is likely to be a reduced level of resources to meet increased levels of need. This will support delivery of the Council's Medium-Term Financial Strategy and assist collaboration with our partners to provide more integrated health and social care services. To compliment this an Assistant Director of Commissioning was appointed to take forward the departmental commissioning objectives in line with a fundamental commissioning review. To ensure the sustainability of the care sector work has begun on the development of a new workforce strategy.

St Helens' performance against the most recently published Adult Social Care Outcomes Framework 2021-2022 continued to be good. Where comparative information exists, the verified data shows the majority

of St Helens' adult social care performance measures perform strongly compared to national, regional, and nearest neighbour comparator group averages.

Over the course of 2022-2023, strong support continued for people with learning disabilities with 95% of people in settled accommodation, whilst the number of people with a learning disability in paid employment showed improvement compared to 2021-2022.

The number of episodes of reablement or intermediate care intervention provided to clients increased and the number of carers supported via a carers specific service also increased.

Priority continued to be given to ensuring effective local adult safeguarding arrangements remained in place. Performance in terms of satisfaction with safeguarding outcomes and the timeliness of response to safeguarding enquiries was strong, despite growing referrals. The National Safeguarding Adults week in November was used as an opportunity to raise safeguarding awareness through engagement with the public. Feedback identified a number of themes and further communication, and engagement work will be a focus for this year's Safeguarding Adults Board.

Whilst performance remains strong compared to statistical neighbours, there are a small number of performance indicators which have not met challenging targets for 2022-2023, including admissions to residential and nursing care and the outcome of short-term care services indicator. The position should be viewed within the context of what has continued to be a challenging operational period for the sector, which is being impacted by the aftereffects of the Covid-19 pandemic, rising demand for services, the fragility of the care sector, inflation and cost of living issues and the ability of providers to be fully resourced.

St Helens' performance against key public health measures in the adult population has remained a challenge. Life expectancy and healthy life expectancy in the local population continue to lag national averages by some margin, whilst mortality rates due to a number of causes including suicide are some of the highest in the North West. St Helens is worse

than the national average on a number of healthy lifestyle indicators including adult obesity, healthy diet, alcohol related harm, and levels of physical activity.

St Helens Council Public Health began work on developing a local Suicide Prevention and Self Harm strategy which will aligns with the Cheshire and Merseyside Suicide Prevention Strategy in late 2022.

The Public Health team worked with partners including Housing and the NHS to get four thousand Winter Well Packs out to vulnerable people within St Helens including those with chronic respiratory illness and those with mobility issues.

The Public Health team also submitted plans to government to determine how the national Drugs Strategy money of £3.64m will be allocated to improve our local Drug and Alcohol Treatment services over the next 3 years. In November 2022, St Helens Combating Drugs Partnership (CDP) held its first Strategy Development Workshop to help inform a collective understanding of local need and challenges related to drug and alcohol-related harm. A multi-agency needs assessment and action plan is now being developed as a result of the workshop.



### **Priority 3 - Create safe and strong communities and neighbourhoods for all**

Over the course of 2022-2023 the Council continued to progress its commitment to engaging with communities to create safe, strong, and caring places for all residents, with a focus on ensuring communities are better supported to make a difference, neighbourhoods provide the right homes for all, and community spaces feel safe for the people who live use them and live within them.

The St Helens Together campaign, the large-scale community response to Covid-19 coordinated by the Council with support from a wide range of partners, coupled with a new Community Engagement Strategy and St Helens Together Strategy for the

Voluntary, Community, Faith and Social Enterprise sector, have provided a strong base over the last 12-months for the Council with additional support to further empower and enable communities to identify and deliver solutions to an escalating cost-of-living crisis.

A series of targeted actions were delivered which included:

- Establishing a cost-of-living strategic group with membership from across local partners and organisations. The meetings acted as a discussion forum for the local partners and the council were seeing residents approaching them with and to identify areas of support and develop the strategic response going into the Autumn and Winter.
- Establishing a Cost-of-Living support page on our website, an online directory of services, a Single Point of Contact for residents requiring advice and support, and information leaflets for residents.
- Setting up additional fundraising options to provide community support.
- Creating and further expanding the provision of warm spaces, which included opening all libraries as warm spaces, three of the children centres for vulnerable children and their families over the Christmas period where those attending were given free hot meals and drinks, and our leisure centres' showering facilities.
- Running warm space drop-in events to ensure those attending warm spaces had an opportunity to access support and guidance from our affordable warmth team, wellbeing service, health partners and in some cases external partners such as Citizens Advice, Credit Union, United Utilities, and Job Centre Plus-
- Supporting and expanding the number of food banks and food pantries in the borough. We also supported Mission in the Economy and Halton and St Helens VCA in setting up the mobile pantry, which is now visiting a number of sites across the borough to provide

more food provision in wards most in need or without a food bank or pantry. A Crowdfunder was also set up to boost donations to food banks and pantries in the borough.

- Providing advice and support to residents on ways to improve energy efficiency, reduce fuel bills and access schemes.
- Reviewing the Household Support Fund to place greater emphasis on households in need who may have missed out on cost-of-living payments and other government support.

Following a period of consultation and stakeholder engagement [St Helens Borough Housing Strategy 2022-2027](#) was approved by Cabinet in June 22. The strategy sets out a vision of 'Quality and Accessible Homes for All', and is supported by five thematic objectives:

- Working towards Net Zero.
- Improving Health and Wellbeing.
- Delivering Growth and Regeneration.
- Creating Communities.
- Delivering supported and Specialist Housing.

The strategy is supported by an Implementation Plan developed to capture the Key Actions within each of the thematic objectives of the Housing Strategy. The Plan will be monitored, and progress reported to the St Helens Place Board on an annual basis.

The Council continued to assist residents with energy efficiency and carbon reduction improvements through the delivery of the Green Home Grant Local Authority Delivery Round 3 and the Home Upgrade Grant up to the end of 2022/23. The earlier programme supported 176 properties to be improved in the borough through retrofit measures such as solid wall insulation and low carbon heating.

The Council and partners continued to provide investment in the Complex Cares model of preventative work, aimed at providing enhanced joined up support for

people with complex and multiple needs caught in a cycle of rough sleeping, hostel or temporary accommodation, poor mental and physical health and offending behaviour, issues often underpinned by trauma. Funding has supported staffing to coordinate existing homeless health services and a specialist external expert, to further develop the Complex Cares model by analysing the cohort at risk of rough sleeping and shape preventative services. A new Rough Sleeper Proactive Prevention Measures Officer post was also funded for three years, along with a Social Worker to be part of the daily Complex Lives hub to support those individuals who have social care needs, but do not meet the threshold for social care under the Care Act. Twelve new properties, delivered by Torus and funded by the Rough Sleeper Accommodation Programme were completed in January 2023 to assist people who have experienced rough sleeping to break the cycle of homelessness. The service has been short-listed for the prestigious Municipal Journal and Local Government Chronicle awards for 'Best Social Housing Initiative' and 'Housing' awards respectively.

The Refugee Resettlement service has assisted the arrival of 99 guests from Ukraine since the commencement of the Homes for Ukraine resettlement scheme, providing all households with advice and information on their arrival to support them to settle successfully within the borough. The service is working closely with sponsors and guests to prevent placement disruption and potential homelessness.

The Housing Options and Advice service continued to experience high demand over the course of 2022-2023, with a marked increase in clients presenting as homeless to the authority. Despite the efforts of the service there was a significant increase in both the number of households where homelessness could not be prevented and the number of families with children living in temporary accommodation.

The Affordable Warmth and Welfare Service continued in its aim to improve the thermal comfort of residents' homes and reduce their spend on fuel. Over the course of the year over 1,200 households were assisted to



reduce fuel poverty, including 85 Emergency Fund interventions to properties where householders were at risk of ill-health or hospitalisation.

Over the course of the year there were 427 net new homes completed, 29% of which were classed as affordable properties.

From the start of the new municipal year 2023-2024, the Community Safety Partnership will be re-established as a stand-alone forum. The decision was taken due to pressures on the workload of the People's Board stemming from the 2022 Health and Social Care Act and as a result of the introduction of new duties and legislation around Protect, Prevent and Serious Violence duties, all of which has necessitated a further review of current governance arrangements. New Terms of Reference to separate the statutory community safety functions from the People's Board have been agreed. Work commenced on a new Crime and Disorder Strategic Assessment as a precursor to a revised Community Safety Strategy.

The year saw a further reduction in the reported incidence of anti-social behaviour (ASB), Though the reduction over the last 2 years is substantial, the way in which ASB is recorded by the Police has recently changed, meaning that some cases that would have been previously recorded as ASB are now recorded as Public Order offences. The Safer St Helens Partnership continued to successfully deliver a number of campaigns aimed at preventing and tackling ASB. The Parr-Ticipate project was delivered the Parr area of St Helens, a new participatory budget process funded by Merseyside Police using proceeds of crime was successful in building community resilience and improving joint working to tackle anti-social behaviour. Over 280 people attended the initial engagement and a total of £38k was allocated to the delivery of direct programmes in this area, which have delivered positive outcomes for the community. The partnership will deliver two further programmes across St Helens during 2023. In December 2022, the partnership launched a further participatory budgeting event, the 'Summat for Sutton'. In total over

£90,000 of funding has been invested into local community groups across the borough in the 12-months to December 2022 to work in partnership to tackle anti-social behaviour.

The Community Safety Partnership was also awarded £143,000 from the Merseyside Violence Reduction Partnership (MVRP) to deliver a programme of interventions in St Helens' parks and open spaces to prevent serious violence. The programme has now commenced with engagement with Friends of Parks groups, young people, and local community groups.

The rate of serious repeat incidents of domestic abuse considered by the Multi-Agency Risk Assessment Conference (MARAC) saw an in-year decrease of 6%, however the overall provisional rate of domestic abuse incidents in St Helens remains high compared to other Merseyside authorities. The Domestic Abuse Partnership Board continued to lead the provision of support to victims of domestic abuse through the Safe2Speak service and raise community awareness through a number of high-profile campaigns. The monthly St Helens Survivor Forum continued to ensure that the voices of victims / survivors of domestic abuse directly influence and shape future services. The Community Safety Partnership received £45,000 from the Police and Crime Commissioners Victim Services Grant to fund services for victims and survivors of domestic abuse with the provision of counselling support and help for the children in the family.

The Hate Crime Partnership Board continued to drive the promotion of hate crime reporting and signposting to appropriate support, whilst many events and campaigns were again delivered to promote equality and celebrate diversity within St Helens' communities. During December 2022 and February 2023, two training sessions were delivered to enable Elected Members to become 'Hate Crime Ambassadors' within their communities.



**Priority 4 - Support a strong, thriving, inclusive, and well-connected local economy**

St Helens Growth Board continued to successfully lead, develop, and deliver ambitious plans to enable recovery and growth of the local economy. Strong progress was made over the course of 2022-2023. In July 2022, the St Helens Borough Local Plan was officially adopted with approval by full Council. The plan sets out a vision for how the Borough will grow over the next 15 years, setting out the development needs for homes and jobs, allocating sites to meet those needs, identifying the necessary infrastructure to support growth and providing the mechanisms to deliver it, as well as providing policies to protect and improve our environment and our communities, and all while ensuring high quality development is delivered.

Following 12-months of evidence gathering and consultation, the draft St Helens Inclusive Growth Strategy was approved by Cabinet in January 2023. The strategy is built on a robust evidence base and presents a 15-year vision for economic prosperity and resilience across the borough and its communities. The draft document acknowledges the urgent challenges facing the borough now and over the next 15 years, which include the legacy of Covid and the ongoing socio-economic threat it still poses, the risks stemming from global economic uncertainty, the cost-of-living crisis, the impact of climate change; and diminishing public budgets. At the same time, it recognises the once in a generation opportunity to produce a genuine step change to the local economy presented by an extensive programme of strategic projects that will deliver £500m or more of investment across the borough.

The draft strategy sets out three key broad priorities:

- Ensuring St Helens' people benefit from the massive opportunities afforded by the upcoming town centre regeneration, development, and inward investment across the borough, and ensuring that land and regeneration investments directly

improve economic, social and health outcomes in the borough.

- Growing businesses and supporting new ones to start – supporting local businesses to innovate, grow and stay in St Helens, and attracting new businesses to invest and locate in the town, creating new and higher value jobs.
- Improving the number and quality of public and private sector key worker jobs in core sectors such as retail, health, leisure, and logistics, whilst developing training and employment programmes, and opportunities for progression.

A 5-year action plan structured around these three priority areas accompanies the draft strategy. A process of further public consultation on the draft strategy is ongoing prior to adoption of a final version, the delivery of which will be closely monitored via the Growth Board.

Plans for the transformation of Earlestown and St Helens town centres progressed strongly over the course of 2022-2023. Two separate Masterplan Development Frameworks which set out multi-million-pound visions for each area were prepared by the Council in partnership with our regeneration partners, English Cities Fund (ECF) and approved by Cabinet in February 2022. Planning permission has since been granted on phase one plans to transform St Helens town centre with a new hotel, hundreds of homes, commercial and business space, improved public realm and a new bus station. Outline planning application was also approved for Earlestown town centre.

In December 2021, the Council received confirmation from Government of a £25 million funding award to progress the Town Investment Plan which will lever in over £193m of additional private and public funding to the Town and Borough. The plan aims to help to unlock new jobs, deliver regeneration and bring communities together through a range of potential developments across the wider St Helens Town Centre area. In July 2022, the first six Town Deal projects Full Business Cares were completed, approved by Cabinet,

and submitted to Government. The projects were Glass Futures Phase 2, Cannington Shaw No:7 Bottle Shop, Town Centre Living & Regeneration, St Helens Heritage World, Connected Places and Digital infrastructure. The final two projects that make up the St Helens Town Deal Board Town Investment Plan were submitted to Government in November 2022 after receiving Cabinet approval. The final areas focus on a health innovation hub and youth zone that make up £3 million in the final overall submission. Confirmation that the first Tranche of projects had been approved was received in January 2023. Positive news about the Tranche 2 projects is anticipated later in 2023.

In June 2022, the Council submitted a £20m Levelling Up Fund Round 2 bid for the St Helens North Constituency, proposing a packaged approach for Earlestown town centre to support its regeneration and recovery. In January 2023, the Department for Levelling Up Housing and Communities advised the Council of the success of the bid in what was a highly competitive process. To support the bid submission, the Council made provision within the existing Medium Term Financial Strategy 2022-2025 and the drawdown £7.889m from the Capital Programme for the Earlestown regeneration programme was subsequently approved. This significant investment will revitalise Earlestown's historic market square and surrounding public realm; reimagine its Grade-II listed vacant Town Hall as a community and workspace hub; and improve its rail station, driving substantial regeneration and reinvigorating the area as a place in which to live, work and invest.

Construction of the £54m Glass Futures progressed well over the course of 2022-2023. The building was completed in March 2023 and handed over to Glass Futures to continue its fit out. The scheme is anticipated to be operational later in 2023 with a state-of-the-art glass production line, leading the way in terms of decarbonising the sector. The Glass Futures scheme is transformational for the borough, it will put St Helens at the centre of global sustainable glass making and research for decades to

come, as well as giving the borough a significant role in the Green Industrial Revolution too. Additionally, the facility will offer space for training and development opportunities for industry, linked to higher education and further education organisations. This will enable people to transition into employment in the glass industry as well as enhancing the training and skills opportunities available for people currently employed in the sector, addressing key skills gaps.

Good progress was maintained over the last 12 months in taking forward the development of the former Parkside Colliery. The first phase of development brought forward by Parkside Regeneration LLP, a joint venture between commercial developers Langtree and the Council, will see 93,000 square metres of new employment space built on the site, which will bring almost 500 jobs during the construction of the first phase and the potential of more than 1,300 new jobs in the completed buildings. Several key milestones have been achieved. Land allocations were confirmed within the adopted Local Plan in July 2022. Construction of the Parkside Link Road is progressing well with completion currently programmed for 2024. Formal designation of the Liverpool City Region (LCR) Freeport status was also confirmed which is excellent news for the site. Freeport status represents a major opportunity to attract a range of end users across the target markets of logistics and advanced manufacturing, thereby supporting creation of high value jobs on the site, whilst strengthening the role that St Helens Borough plays in the region's position as an attractive location for global trade, inward investment, and innovation.

Parkside represents the largest Freeport Tax Site within the City Region and includes a £9 million Seed Investment Fund contribution to contribute to the Link Road and other highway mitigation measures that are required.

Tax site status within the LCR Freeport enables 100% business rate retention for the Council from the site for 25 years. These funds will be reinvested to support further regeneration in the local area and across the Borough. The LCR Combined Authority in consultation with tax raising Local Authorities



is preparing a retained business rates strategy to consider how best to utilise future funds arising via this process. There will be an opportunity from this initiative for the Council to implement Tax Increment Financing (TIF), where borrowing to achieve regeneration priorities can be made against expected future rates income.

The Council's partnership with organisations and businesses in St Helens town centre resulted in the award of the prestigious Purple Flag accreditation in October 2022. The award recognises the strong partnership working in the borough and the commencement of further actions planned to improve the night-time economy. Achieving the Purple Flag status is recognition of the vibrant and diverse mix of dining, entertainment, and culture on offer in St Helens town centre while also promoting the safety and wellbeing of visitors and local residents. Areas with the accreditation report a consistent increase in footfall and a decrease in crime in the evening and night-time economy.

St Helens 2022-27 Highways Infrastructure Asset Management Strategy was completed and approved by Cabinet in June 2022. The effective management and development of this critical community asset is central to the council's ability to meet its Borough Strategy objectives of improving people's quality of living, supporting the growth and regeneration of our local economy, and ensuring the sustainability of our borough. The 5-year duration of the Strategy corresponds with the 5-year funding settlement from the LCR Combined Authority, providing confidence to residents and businesses on the availability of resources to deliver its commitments.

Work to bring full fibre connectivity within reach of almost every home and business in St Helens and meet the borough's digital needs for generations to come commenced in 2022. The project in its entirety is expected to be fully completed by 2025. As the network is completed in each neighbourhood, internet service providers will then be able to provide some of the fastest and best value broadband packages available in the country.



## Priority 5 - Create green and vibrant places that reflect our heritage and culture

Over the course of 2022-2023 the Council has continued to demonstrate leadership to address the enormous challenges posed by the global climate crisis and to promote environmental sustainability and the 'Green' agenda. The Council's commitment to reach net zero carbon emissions for the borough by 2040 was established through the formation of a [Climate Change Commission](#) and set out within the [Climate Change Response plan](#).

St Helens Climate Change Commission is playing a key role in bringing together leaders from a range of different sectors to share learning and promote best practice and important steps have been made over the last 12 months to ensure progress toward St Helens' net zero goal, whilst laying the groundwork for sizeable emissions reductions in the near future.

Significant capital resources have been made available within the Council's Medium Term Financial Strategy to kickstart and drive innovation, and to actively work to reducing both the council's own emissions as well as encouraging decarbonisation efforts across the wider borough.

The latest data shows that across the borough as a whole there has been a 6% reduction in carbon emissions from 2019 to 2020.

A range of key projects and initiatives have been initiated in recent years that are contributing to reducing carbon emissions, including:

- Converting over 3,500 streetlights to low energy LED lanterns.
- Decarbonising the Council's fleet - replacing old, inefficient vehicles with modern lower carbon vehicles.
- Supporting many residents across the borough to replace inefficient boilers with new, modern low energy systems.
- Delivering active travel transport links to encourage people to walk and cycle across the borough.

- Levering in significant external funding over the past few years, to support active travel across the borough.
- Committing up to £1.2m of Council capital funds to support local groups and business to decarbonise their activities.
- Working closely with colleagues at the Liverpool City Region Combined Authority to progress major energy transition projects, including Hynet and Glass Futures.

To further support the council's ambitious plans to be carbon net zero by 2040, the council's Resources and Waste Strategy 2023-2030 was completed and approved in March 2023. The mission for the Strategy is simple "To make waste a thing of the past" and aims to ensure the council, businesses and residents are all working together to reduce, reuse and recycle as much of our waste as possible. The Strategy will guide the management, investment, and sustainability of waste and recycling collection and disposal in the Borough, whilst ensuring compliance with emerging national waste policy.

The strategy will also see the council continuing to invest in its operational waste service with the continuation and enhancement of a weekly recycling service with improved containers, as this method of collections generates high quality material that has a greater financial value that can be more easily recycled.

Results from the Council's 2022 Resident Survey showed that 79% of residents indicated that they were satisfied with the waste and recycling service. However, this can be improved, and the challenge faced is to increase awareness and understanding amongst residents of the impact that their daily lives and behaviours have on the environment and the cost of waste services.

A new educational leaflet was developed to support residents to maximise what they recycle and to help minimise waste, and new fresh branding introduced to make it easier for all parts of our community to

understand and take part in our collection service. New in-cab technology for the recycling and waste collection fleet was also launched during the year. This new system allows staff to log issues in real time and report directly to the back office and Contact Centre creating a more efficient service to our residents. Digitisation of the service now allows detailed monitoring of whether bins have been put out for collection on the correct day and time so that the service can focus more closely on genuine missed bins and take appropriate action if required.

In September 2022, the Council took delivery of the UK's First Custom-Built Hydrogen Waste Collection Vehicle. Prior to undertaking its debut waste collection, the 'Hydro Hero' visited schools across St Helens as part of the Waste and Recycling services work to support young people in recycling more of their waste and to help them better understand the effects of Climate Change.

As a result of action taken over the course of the year there has been a reduction in the amount of household waste generated. Provisional figures show the amount of waste produced per household has reduced by 26 kg per household. In 2021-2022 the outturn was 513.4 kg per household, and in 2022-2023 the provisional outturn was 487.4 kg per household. This equates to over 2,215 tonnes of waste not sent for disposal this year, and so reducing disposal costs by about £260,000 for the year.

The Council's Fleet Replacement 2022-2023 at an estimated cost of £4.867m was approved by Cabinet in April 2022 and progressed at pace over the year. In addition to the arrival of the Hydrogen Waste Collection Vehicle, a further 15 modern internal combustion waste collection vehicles, designed to be much cleaner and efficient than the older vehicles, went into service. A total of 31 new electric vans were also ordered and in January 2023, the ten-year-old, 2 litre diesel Mayoral car was exchanged for a fully electric version. It is estimated that the new fleet of electric vans will save the Council almost one hundred tons of carbon per year on its journey to net zero. The replacement programme will also address revenue budget pressures relating to fleet maintenance and vehicle hire costs.

The Council's Environmental Health service completed a tender exercise to appoint a partner organisation to deliver an air quality improvement project. The Vehicle Retrofit / Replacement Grant is using £650,000 of DEFRA funding to replace or modify commercial vehicles based within the St Helens so that they emit less pollution. The project is set to run throughout 2023.

To further promote active travel and improve transport connectivity within the borough, St Helens Borough Local Walking and Cycling Infrastructure Plan was developed over the course of 2022-2023 and approved by Cabinet in April 2023. This is an ambitious ten-year plan to deliver a safe, attractive infrastructure network that is critical to enabling the significant increases in walking and wheeling needed to combat major challenges facing our borough, including the cost-of-living crisis, climate emergency and growing health and mental health pressures. Once delivered, 90% of the borough's population will be within a 5-minute cycle ride of the high-quality network set out within the plan.

During 2022-2023 the Council and partners continued to do much to ensure St Helens' spirit and identity were celebrated through heritage, arts, and culture. Results from the 2022 Residents survey showed the majority of residents agreed that St Helens offers strong opportunities for people to participate in these activities.

Work continued over the year on the development of the draft St Helens Borough Library Strategy and Delivery Plan 2023-2028. The revised Draft Library Strategy, a revised delivery plan and a set of new and refreshed equality impact assessments that ensure the needs of all protected characteristic groups have been considered was approved by Cabinet in April 2023.

In light of the worsening financial circumstances, the drive to improve the services provided by libraries and ensure they are targeted to those most in need is more critical than ever. The Strategy will transform the Library Service into a modern forward-thinking service that will be delivered across the borough through a

range of methods including direct provision, outreach, and a Community Managed offer. The critical role of the library in helping people to realise their potential, especially those from disadvantaged backgrounds will be maintained.

The views of stakeholders, residents, library users and library staff have been integral to the development of the draft Strategy with significant engagement and consultation conducted using online and paper-based surveys, meetings and focus groups. A new phase of consultation on the specific proposals contained in the Draft Strategy has now commenced.

The Library Service has been designed to align to the principles of the Council's adopted localities model and the Delivery Plan sets out how the service will target areas of greatest need, reach into communities both physically and digitally and reduce the dependency on physical buildings. The new strategy includes difficult proposals to reduce the number of physical libraries in the Borough from thirteen to seven.

The performance of the Library service remained strong in 2022-2023 with over 400,000 visits to libraries, over 300,000 loans of books, over 60,000 loans of eBooks and over 32,000 people attending 750 library events.

St Helens Library Service was successful in its reapplication to the Arts Council England (ACE) for its National Portfolio Organisation (NPO) status. NPOs are leaders in their areas, with a responsibility to protect and develop the national arts and cultural ecology through investment. The reapplication was successful in gaining over £700,000 of investment to deliver a broad-ranging programme of arts events and activities over the next three years.

Planning was ongoing over the course of the last 12-months for St Helens to celebrate being Liverpool City Region Borough of Culture in 2023. A packed free launch event took place at the World of Glass in March 2023 and highlights for the year ahead include visits from the Tate on Tour Truck, a St Helens Heritage Festival, the annual Pride event, Armed Forces Day in Victoria Park in June, and a special Irish festival in October.



The Council and partners continued to collaborate on delivery of the [Active Lives Strategy](#) through a series of events and initiatives aimed at encouraging more people to enjoy the benefits of being more physically active, whilst maximising opportunities for people experiencing inequality to participate in activities.

The Council's leisure services performed strongly in terms of attendances, membership, and income. Visits increased by almost 44% on the previous year's attendance. Membership numbers, annual income and attendances have now all surpassed the previous full pre-Covid year in 2019-20.



#### **Priority 6 - Be a responsible council**

The Council's journey of change, transformation and improvement progressed strongly over the course of 2022-2023. The Council has come a long way since the Local Government Association (LGA) Peer Review in 2019, which was recognised by the LGA in feedback following the September 2021 revisit. The latest conversation with the LGA in April 2022 acknowledged that further progress had taken place to deliver the priority action plan.

The Our Borough Strategy 2021-2030 provides a clear strategic path for the local authority and partners, which was significantly strengthened during 2022-2023 through the development of further key sub-strategies including the Local Plan, St Helens Housing Strategy, the Inclusive Growth Strategy, and the Draft Libraries Strategy. Detailed programme delivery plans have been established to successfully progress the achievement of the 6 overarching priorities and stability within the Executive Leadership Team has enabled the coordination of an effective borough wide response to both the legacy of the Covid-19 pandemic and the cost-of-living crisis.

In support of the modernisation process, the reshaping of the Council's organisational

structure continued with a view to increasing management and oversight of strategic functions, supporting capacity, and building capability in priority areas, clarifying accountability, and driving performance improvement. Good progress was made on the Phase 3 restructure which is now nearing completion.

Transformation activity continues at pace with major change programmes such as residential accommodation for children looked after and health and care reform plans entering delivery and implementation phases. A review of the organisation's programme governance arrangements is underway, with the intention of considering the interdependencies with business and financial planning and to identify and agree transformational priorities for 2023-2024.

The Council maintained and progressed its commitment to placing residents at the centre of service delivery, improving service accessibility, and delivering a quality customer experience. The Council's Customer Service Strategy and Customer Service Standards are aligned to the Council's IT and Digital strategies. The development of the Council website to support the delivery of 'digital services' went live on 31 March 2022. All service content was updated, and multiple interactions delivered through the new Customer Portal, allowing customers to have full view of their interactions and the Council to track case management. A number of new Customer Portal features were developed for service areas including waste services and bin collections, allotment waiting lists, school admissions, school transport, general enquiries, and licensing. Further work continued over the course of 2022-2023 to develop additional modules for complaints, Freedom of Information Requests (FOIs), and Subject Access Requests (SARs).

Although further work is still required, as a result action taken to date, more residents than ever before are using self-service to log requests via the website, with key metrics including call abandon rates, waiting times and the results of customer satisfaction surveys showing positive improvements. The contact centre has continued to support a high number of vulnerable individuals and has balanced the call waiting time with the need to provide

residents with the care and attention they deserve to ensure they are fully supported. Plans to move the Contact Centre from Wesley House into the ground floor reception in the Town Hall were completed in March 2023.

A wide-ranging programme of external engagement and communication was delivered by the Council during 2022-2023 to build on the objectives of the [Community Engagement Strategy](#) which was approved in September 2021. Extensive engagement with a wide range of partners and communities across the borough was undertaken to inform the development of a number of key plans and strategies including the Inclusive Growth Strategy, the Housing Strategy, the Draft Library Strategy, the Local Plan, the Draft Walking & Cycling Infrastructure Plan, and the Budget. In addition, between March and June 2022, an independent Resident Survey was commissioned by the Council. The survey gathered the views and perceptions of over 2,000 residents on a range of issues about St Helens the area, the Council, and the services it provides. Analysis of the results of the survey highlighted positives including high levels of resident satisfaction with the appearance of their local area, the perception that St Helens is a place where people get on well together, and that it offers opportunities to be physically active and participate in the arts, heritage, and culture. At the same time the majority of respondents stated that they trusted the Council and that the Council acted on the concerns of residents. However, the survey results also raised areas for improvement, notably on the issue of how the Council keeps residents informed of its duties and responsibilities and the services and benefits it provides. As a result, the Council worked with partners to develop a revised Communication Strategy and an Annual Communications Plan. The Council is now developing further communication vehicles including a bespoke news and information website and weekly residents' email newsletter.

Following the successful shift to a predominantly hybrid working model for the majority of the workforce, the Council

continued to invest in the creation of a modern, digital workplace and infrastructure to improve ways of working and service delivery. Work continued on the migration of digital services and applications to the cloud-hosted platform and the removal of redundant and obsolete hardware from our local datacentres. Upgrades were completed to ensure a robust Wi-Fi environment, and renewed Firewall hardware and security software were introduced to keep our systems safe. The modernisation of key operational applications and systems continued. In addition to the new website and customer portal modules, the introduction of further new digital systems within Directorates across the organisation was ongoing, including Human Resources and Payroll, Waste Management, Environmental Services, Finance and Legal Services.

The Council's Organisational Design team continued to support the cultural transformation of the organisation and invest in developing the strengths and skills of the workforce and Elected Members. To further embed the Council's values "what makes us TICK" – Trust, Integrity, Collaborating and Keep innovating – a new online appraisal system and process was introduced. The 'My catch-up conversation' is a regular opportunity for employees to discuss their wellbeing, how they feel about work and their personal development requirements with their manager. The 'My catch-up conversation – time to reflect and plan' is a more detailed, twice-yearly conversation focussing on employees' performance, progress, and career and personal development aspirations. Additional learning and development modules and resources were added to the digital 'My Learning Platform'. Further specific resources and training were also developed and delivered to support learning and development across children and young people's and adults social work teams. Following the 2022 Local Elections, a Member Induction Programme invited Members to complete 7 essential e-learning modules and briefing sessions were offered on key themes to support them in becoming effective Councillors. A second VIP (Values in Practice) Award event took place in April 2023 to allow staff and Members to celebrate achievements across the workforce.

The Council's new Equality, Diversity, and Inclusion (EDI) Strategy was formally adopted

by Cabinet in October 2022 following a period of consultation. The strategy included a delivery Plan for 2022-2023, to achieve the Council's target of meeting Level 1 of the Equality Framework for Local Government by May 2023. The Council's revised EDI Policy, which sets out how St Helens Borough Council meets its duties under the Equality Act 2010, was approved in March 2023. Both the EDI Strategy and Policy are fully aligned to the Council's programme of cultural transformation, delivery of the St Helens Borough Strategy, and will support services to meet the needs of our increasingly diverse community. A new Equality Impact Assessment tool was launched to help to assess the impact of potential decisions, ensuring decisions taken are fair and respectful to our diverse communities.

Within an increasingly challenging and restrictive financial climate for local government, work was progressed in line with achieving the Borough Strategy outcome of providing value for money and ensuring the Council is financially resilient and sustainable. The Council's Medium Term Financial Strategy 2023-2026 was approved by Council in March 2023, following consideration of the outcomes of an enhanced consultation exercise with residents and other stakeholders and a comprehensive review via a Task Group of the Overview and Scrutiny Commission.

Delivery of the Medium-Term Financial Strategy is complemented by a growing number of other corporate strategies, plans and policies.

The Council's Asset Strategy and Asset Management Plan 2023-2026 was approved by Cabinet in January 2023. The vision and purpose of the plan is to maximise the use of Council owned assets to facilitate outcomes that benefit the whole Council in terms of greater financial efficiency, improved customer experience, better use of property resources, achieving the borough priorities and contributing to the Council's transformation agenda.

A comprehensive programme of work progressed to deliver the Council's

Commercial Strategy and support its ambition to optimise the financial and non-financial return on investment of every pound spent. The programme is centred around the 5 key themes of: fees and charges, traded services, asset optimisation, cost management, and developing a commercial culture. Over the period 2023-2025, the programme plans to increase income by around £500,000, reduce costs by £1.5m, and offset costs of £10m.

In November 2022, Cabinet approved the Council's Social Value Policy which was created through a comprehensive review of legislation and analysis of best practice. The policy provides a focus for the Council to look beyond the financial cost of a contract to consider how the services that are commissioned and procured can improve the economic, social, and environmental wellbeing of the borough. The policy also complements other existing plans and strategies, including the Borough Strategy, the Climate Response Plan, and Inclusive Growth Strategy, as well as strengthening the commitment to supporting specific groups. Clear proposals have been developed to introduce social value at pace into existing procurement activity before testing approaches in other areas of the Council. Progress and deployment of the policy will be measured and reported on annually.

## **9. Risk Management**

The Council's approach to the management of risk is an integral part of its Governance Framework, with robust and consistent risk management processes embedded across the organisation to mitigate threats to the delivery of the Council's vision and priorities.

The Framework and Policy allow the identification and assessment of risk and opportunities, promote effective decision making, and encourage innovation by enabling an awareness of associated risks but without being overly risk averse.

The Council's Strategic Risk Register consists of fourteen key risks. Directorate risk registers also exist to identify, assess, and mitigate risks that are specific to the operation of services within given areas.



Responsibility for effective risk management runs throughout the Council. The Audit and Governance Committee oversees and receives assurance on the extent to which effective risk and opportunity management remains embedded across the Council. The Executive Leadership Team (ELT) oversees the implementation of the framework and agrees the allocation of resources to support it. ELT provides a leadership and monitoring role and reviews the adequacy of the management of strategic risks. ELT also ensure that decisions regarding opportunities are being taken after due consideration of key risks. A Governance Group support ELT in the effective development, implementation and review of the Risk and Opportunity Policy and Framework. The Group monitors the implementation of the framework across the Council, identifying where assurance is required and any areas of overlapping risk.

The Strategic Risk Register is reviewed on a quarterly basis by the ELT Team. Progress in managing strategic risks is reported to the Audit and Governance Committee on a regular basis. When assessing the impact and likelihood of risk, the Council will consider how recent economic or political issues have affected its resourcing and strategic, service or community plans, and how these factors impact service delivery for citizens.

Directorate Operational Risk Registers are also reviewed on a quarterly basis.

Once reviewed, all risk registers are updated to ensure that existing mitigation measures are accurate and ongoing, to bring risk within the Council's acceptable tolerance level. Progress to deliver further planned controls are monitored and any significant delays reported to the relevant Risk Governance Forum. The management of corporate risks is reported in the Council's Annual Governance Statement.

## **10. Future Outlook**

Great uncertainty and risk continue to dominate the outlook for local government, bringing significant concern to the future sustainability of vital local public service

delivery that communities rely on.

After more than a decade of austerity, councils have become increasingly reliant on their ability to secure revenue through other sources, including those from local taxes, to meet spending pressures. For a relatively deprived local authority like St Helens this presents a significant challenge, particularly given the current national economic climate.

At present, it is considered that the Council has never faced a more challenging funding position. Continual cuts in government support, the ongoing legacy of the Covid-19 global pandemic, the extreme inflationary and volatile wider economic environment, the continuing lack of certainty surrounding the local government funding position, the funding crisis engulfing the social care system and continually increasing service demand, are all factors that have contributed to the challenging financial environment within which the Council has to operate.

Since the outbreak of the pandemic, Covid-19-related pressures have brought significant additional costs and income losses. As in 2022-2023, the Local Government Finance Settlement for 2023-2024 includes no specific funding for legacy Covid-19 associated pressures. However, it still remains uncertain how the aftershocks of the pandemic will continue to impact the Borough's residents, businesses and employers.

The gravity of the inflationary environment is extreme, and its ability to absorb inflationary pressures of huge concern.

As a result of inflation, employee pay, energy costs, the costs of care provision in both adult and children's social care, fuel and food have all been identified as significant material pressure areas for the Council. It is further likely that the current inflationary environment will see an increase in business failure, which will present further risks to the Council's financial position in terms of reductions in Business Rates yield and other income receivable via rents, service charges, service contracts and wider fees and charges. Additionally, significantly elevated borrowing costs associated with continual Bank Rate increases, alongside surging prices, will have

a considerable impact on the affordability of the Council's capital investment aspirations during the lifetime of the Medium-Term Financial Strategy.

The Local Government Association (LGA) have forecast that inflation, energy costs and increases to the National Living Wage will add £3.4 billion of additional cost pressures onto council budgets in 2023-2024 alone and are likely to be compounded in subsequent years.

The level of inflation in the UK continues to be high at above 8%, and although economic forecasters are predicting gradual decreases in the rate of inflation, the trajectory and accuracy of such predictions are uncertain. This lack of clarity demonstrates the challenge the Council faces in forecasting the inflationary impact on its budgets with any degree of reasonable certainty. What is clear, however, is that present significant financial challenges the Council faces will continue into the foreseeable future, and that any significant changes in the underlying economic conditions that impact on inflation will need to need to be managed over the course of the MTFS.

Government have acknowledged some of the pressures that councils face as a result of the inflationary environment and have provided some assistance for 2023-2024 as part of the Local Government Finance Settlement. However, the provision of another one-year settlement, the lack of any real clarity about how and when the mechanism of local-government funding will change, and how the Levelling Up agenda will translate into policy both nationally and locally, are just some of the key issues that have left authorities facing significant uncertainty around future levels of funding.

The financial pressure the Council is now facing cannot be overstated. The MTFS and Capital and Revenue Budget 2023-2026 identified an aggregated forecast budget gap of £22.385m by 2025-2026. There is an aggregated approved savings sum of £11.979m over the same period, including savings of £7.445m to be delivered in 2023-2024. A residual aggregated forecast

budget gap of £10.406m therefore remains over the period 2023-26.

Ensuring the Council's ongoing financial sustainability and resilience over the coming three years will require proactive and robust management. Strong planning and decision making will be necessary, and in the absence of any additional government support, there is an extremely high likelihood for further reductions in the Council's spending and service offer. The cessation of non-essential expenditure and recruitment freezes remain in place, and a Budget Savings Delivery Board has been set up to monitor implementation of savings throughout 2023-2024 and beyond to ensure that directorates are accountable for delivery of approved savings. Meetings of the Board will be held on a monthly basis, while individual departments' savings will be reviewed on a 3-monthly rota basis, to ensure that due regard is given to each area.

A series of additional actions linked to delivery of strategic priorities are critical to address the forecast budget position.

The continued delivery of growth in the local economy is essential not only to increase local prosperity and employment prospects of residents, but also in terms of growing the Council's revenue base to compensate for losses in government funding and maintain the provision of critical local services. The Council will continue to provide significant levels of planned investment and targeted revenue resources to achieve this end. Although the economic challenges facing the Borough are great, strong opportunities for growth and regeneration exist. The St Helens Growth Board will continue to work with partners at a local, City Region and national level to progress the Inclusive Growth Strategy, deliver at pace a pipeline of ambitious regeneration and growth projects, whilst capitalising on new and future opportunities such as those that may be presented through the Levelling Up Fund, other sources of external funding and the benefits to the local economy of Parkside's Freeport status.

High levels of relative deprivation, disadvantage and poor health have been pervasive across the Borough for many years. It is clear that the impact of Covid-19 has not

been felt equally across society. In particular, the pandemic has exposed, exacerbated and solidified existing inequalities, no more so than in areas like St Helens. As the vulnerability of certain individuals and communities has increased, so has resultant demand and reliance on vital local support services

The strong link between high levels of deprivation within local authority areas, the associated demand for services and the increased cost of delivery are well evidenced. This presents a significant challenge at a time when current resources are limited and future levels uncertain. The Council's greatest demand and cost pressures continue to exist within Adults' and Children's services. Solutions as to how to continue to support those most in need and prevent more costly interventions downstream are critical. Nationally, there has been a historic absence of resources to invest properly in prevention and early intervention, and there is a very real prospect of increased levels of unmet and unknown need. Locally, to address the challenges of cost and demand and ensure the future sustainability of local health and care services, the Council and partners will continue to develop the St Helens Place-Based Partnership approach via the Integrated Care Partnership (ICP) Board. Further service integration, redesign and demand management strategies will be progressed at a locality level to deliver improved outcomes against identified health and care priorities, tackle existent inequality and effectively implement the Government's social care reform programme.

The delivery of improvement within Children and Young People's Services remains a priority for the Council. The legacy impact of the pandemic and a cost-of-living crisis present significant risks for the future of our children and young people, from the potential for widening existing inequalities in academic achievement to the risk of increased neglect and harm in families dealing with adversity. The Council remains acutely aware that very high numbers of children in care and leaving care, children and families open to social care services, and children and young people with special

educational needs and disabilities, still represent a major challenge, both financially and in terms of the need to improve outcomes.

Continued investment to ensure the delivery of the Children's Services Improvement Plan, along with plans to increase foster care recruitment and retention, develop in-house children's residential care provision, further increase social worker recruitment and retention, and safely manage demand within children's social care, is in place to deliver improved outcomes for children and young people and support financial sustainability.

Although the impact of the pandemic has compounded many of the challenges that both the Borough and the Council face, it has also exposed and driven areas of strength, resilience, creativity and innovation. The Council will continue to focus efforts on coordinated community action and support following the success of the St Helens Together Community response to the pandemic. St Helens Together established the commitment to work jointly to deliver the shared 'Bonds for a Better Borough' enshrined within Our Borough Strategy 2021-30. This growing relationship, coupled with the strength and creativity shown by individuals, communities and businesses alike during the pandemic, and in response to the cost-of-living crisis, now provides a strong platform for the Council and partners to build on. The Council will continue to promote a facilitating role that unlocks, supports and builds greater capacity within the community to deliver shared priorities.

## **11. Conclusion**

In financial terms, 2022-2023 was dominated by inflationary pressures and the impact of the cost-of-living crisis, with the aftershocks of the Covid-19 pandemic continuing to be felt. The Council has continued to operate effectively despite the considerable financial uncertainty that this has brought, in another year of significant change, challenge and risk.

Against this backdrop, a clear budget strategy was implemented in 2022-2023 which addressed a number of budget pressures in the short term, particularly those relating to children's social care. However, the long-term

underlying pressures arising from continually increasing demand for children's and adults' social care, the improvements required within children's services, and the need for investment in the local economy in the aftermath of the Covid-19 pandemic, continue to drive the need to identify and deliver budget savings, and will continue to need to be addressed.

To deliver these budget savings, it is essential that the Council continues to assess its strategic priorities, and that future budgetary and financial decisions are aligned to those priorities. Further tough decisions are inevitable. Efficiencies must also continue to be achieved through ongoing service transformation. In doing this, the Council will establish a sustainable budget for the long term, allowing it to continue to fulfil its statutory duties whilst supporting residents through the cost-of-living crisis. The Council will also continue to work with partner authorities and other stakeholders in presenting the case to Government for adequate funding.

The latest External Audit Findings Report gave an unqualified opinion on the Council's 2021-2022 financial statements. Although the auditors acknowledged the strength of the Council's financial management processes, risks around financial sustainability were identified due to uncertainty over government funding and the potential future budget gap, being largely driven by factors outside of the Council's control. The judgement on the Council's value-for-money arrangements was also positive, recognising the Council's strong track record of delivering budget savings and the robustness of its financial reporting. Last year's judgement highlighted weaknesses in the Council's Estates team, particularly in relation to the controls in place for land and property disposals. This year's judgement acknowledged the significant progress made throughout 2022-2023 in addressing these weaknesses. The judgement also emphasised that Council still has some distance to travel to deliver sustained improvements in the effectiveness of children's social care services, though, again, recognised the progress made during 2022-2023.

Despite the difficulties faced by the Council during this challenging period, its ambitions remain undimmed. And despite the many challenges experienced by the Council's residents and partners, examples of courage, strength, generosity, determination and resilience have shone through in 2022-2023. The collaboration between staff, Members, partners and residents has been truly remarkable.

I would like to thank all Members and officers for their hard work and dedication throughout 2022-2023. I would also like to express my gratitude to all colleagues who have contributed to the preparation of this document and thank them for their support over the financial year.



Cath Fogarty  
Executive Director of Corporate Services

Date: 30 June 2023



# EXPLANATION OF THE FINANCIAL STATEMENTS

The Statement of Accounts is prepared to demonstrate the Council's financial performance for the year ended 31 March 2023 and present its overall financial position at the end of that period. The core financial statements are included on pages 91 to 94 and are prepared to comply with the requirements of International Financial Reporting Standards. The statements are supplemented by a number of notes providing relevant additional information. The core financial statements are:

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

This statement shows the changes in reserves held by the authority and splits them between those reserves which are available for the Council to spend or to reduce the Council Tax (usable reserves) and those created to reconcile the technical and statutory aspects of accounting (unusable reserves).

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

This statement is fundamental to the understanding of the authority's activities, in that it reports the net cost for the year of all the functions for which the authority is responsible and demonstrates how that cost has been financed from general government grants and income from local taxpayers.

## **Balance Sheet**

This shows the authority's financial position at the financial year-end, including the assets and liabilities employed in carrying out the authority's functions and its balances and reserves.

## **Cash Flow Statement**

This statement summarises the flows of cash arising from transactions with third parties for both revenue and capital purposes during the year and shows the changes to the Council's cash and 'cash equivalents' during the financial year

In addition to the core financial statements, the Statement of Accounts includes the Draft Annual Governance Statement, that serves to explain the effectiveness of the governance framework operating during the financial year and the statutory Collection Fund Statement, which shows the income received from Council Taxpayers and Non-Domestic Ratepayers and how this is distributed between St Helens Borough Council, the Police & Crime Commissioner for Merseyside, Merseyside Fire & Rescue Authority, Liverpool City Region Combined Authority and Central Government.

It is important to note that the detail included in the Statement of Accounts will differ from the Council's internal management reports (e.g. Financial Monitoring Report). However, the Council's overall financial position (e.g. balances and reserves) will be the same.

# Independent auditor's report to the members of St Helens Borough Council

## Report on the audit of the financial statements

### Opinion on financial statements

We have audited the financial statements of St Helens Borough Council (the 'Authority') for the year ended 31 March 2023, which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement and notes to the financial statements, including the statement of main principles, accounting policies and estimation techniques. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2023 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Director of Finance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Director of Finance's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Director of Finance is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Other information we are required to report on by exception under the Code of Audit Practice**

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

### **Opinion on other matters required by the Code of Audit Practice**

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

## **Responsibilities of the Authority and the Director of Finance**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 66, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Finance. The Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Finance is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23. The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003, the Local Government Act 1972, the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) and the Local Government Finance Act 2012).

We enquired of senior officers and the Audit and Governance Committee, concerning the Authority's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of senior officers, internal audit and the Audit and Governance Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to

- journal entries that could be used to manipulate the Authority's financial performance for the year as well as potential management bias in determining accounting estimates for the valuation of land and buildings, investment properties and the net pension liability.



- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that the Director of Finance has in place to prevent and detect fraud;
  - journal entry testing, with a focus on journals falling within identified risk criteria including:
    - material journals;
    - journals posted by senior management;
    - large year-end journals; and
    - off-ledger adjustment journals.
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings, investment property and the defined benefit pension fund net liability valuation;
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to land and buildings, investment property and the defined pension fund net liability valuation. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the local government sector
- understanding of the legal and regulatory requirements specific to the Authority including:
  - the provisions of the applicable legislation
  - guidance issued by CIPFA/LASAAC and SOLACE
  - the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

### **Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

Our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Authority's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor's report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2023.

### **Responsibilities of the Authority**

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

### **Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

## Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for St Helens Council for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed:

- our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2023.

### Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Michael Green*

Michael Green, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Manchester

15 December 2023

## **Independent auditor's report to the members of St Helens Borough Council**

In our auditor's report issued on 15 December 2023, we explained that we could not formally conclude the audit and issue an audit certificate for St Helens Borough Council ('the Authority') for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice, until we had:

- completed our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have now completed this work, and the results of our work are set out below.

### **Opinion on the financial statements**

In our auditor's report for the year ended 31 March 2023 issued on 15 December 2023 we reported that, in our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2023 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

No matters have come to our attention since 15 December 2023 that would have a material impact on the financial statements on which we gave this opinion.

## **Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

### **Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in respect of the above matter.

### **Responsibilities of the Authority**

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

### **Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

## **Report on other legal and regulatory requirements – Audit certificate**

We certify that we have completed the audit of St Helens Borough Council for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

### **Use of our report**

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Michael Green*

Michael Green, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Manchester

15 March 2024

# STATEMENT OF MAIN PRINCIPLES, ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES

## General

The Statement of Accounts summarise the authority's transactions for the financial year 2022-2023 and the position at the year-end 31 March 2023.

The authority is required to prepare an annual Statement of Account by the Accounts and Audit Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS).

The following accounting policies and estimation techniques have been adopted and they are consistent with the Council's overarching accounting concepts and, where appropriate, the relevant accounting standards.

## Accruals of Income and Expenditure

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

In particular:

- Council Tax and Non-Domestic Rates income is accrued in accordance with the assessed liability for the period to 31 March
- fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services
- 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 are recorded as expenditure when the services are received rather than when the payments are made
- interest payable on borrowings and receivable on investments are accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract
- where revenue and expenditure have been recognised, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected
- Capital Receipts from non-current asset disposals are recorded on completion of the asset sale.

In accordance with IFRS 15 Revenue Recognition, revenue should be measured at the fair value of the amount payable or receivable. In practice, this is the amount that the Council has invoiced, or for which it has been invoiced.

### **Assets Held for Sale**

See Property, Plant and Equipment.

### **Capital Receipts**

Capital Receipts on non-current asset disposals are initially credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal, with a subsequent appropriation to the Usable Capital Receipts Reserve made via the Movement in Reserves Statement.

Usable Capital Receipts are classed as a Usable Reserve in the Balance Sheet.

### **Cash and Cash Equivalents**

Cash and Cash Equivalents are represented by:

- cash-in-hand and deposits with financial institutions repayable on demand without penalty or change in value
- investments repayable on demand without penalty or change in value

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

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

Prior period adjustments may arise as a result of changes in accounting policies, to correct material errors or to provide a consistent representation of current and prior period activity/positions.

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

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

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

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

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve (specific to the individual asset) against which they can be written off
- amortisation of intangible fixed assets attributable to the service

The Council is not required to raise Council Tax to cover these items. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (see "Redemption of Debt"). The items detailed above are therefore replaced by the contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

### **Contingent Liabilities**

See Provisions and Contingent Liabilities.

### **Depreciation**

See Property, Plant and Equipment.

### **Employee Benefits**

#### **Benefits Payable During Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, and paid annual leave for employees, and, in accordance with IAS 19 Employee Benefits and the provisions of the Code, are recognised as an expense for services in the year in which employees render service to the authority.

An accrual is made for the cost of accumulating compensated absences earned by employees but not taken before the year end, which employees can carry forward into the next financial year. The accrual is charged to Surplus or Deficit on the Provision of Services but reversed out through the Movement in Reserves Statement to the Accumulating Compensated Absences Adjustment Account.

#### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy or other form of voluntary severance. Charges are made on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement at the earlier of when the authority can no longer withdraw the offer of those benefits, or when the authority recognises costs for a restructuring.

#### **Post-Employment Benefits**

As part of the terms and conditions of employment of its officers and other employees, the authority offers retirement benefits to those individuals and participates in two Pension Plans:

- the Local Government Pension Scheme

(LGPS) for staff employed under NJC terms and conditions – this is a defined benefit plan where the authority and the employee's pay contributions into a fund, calculated at a level intended to balance the pensions liabilities and investment assets. This plan is administered by the Merseyside Pension Fund

- the Teachers' Pension Scheme (TPS) for those employed under Teachers' terms and conditions, administered by Teachers' Pensions on behalf of the Department for Education. The TPS is a statutory scheme subject to the Teachers' Pensions Regulations 1997 (as amended). It provides Teachers with defined benefits upon their retirement, and the authority contributes towards the cost by making contributions based on a percentage of members' pensionable salaries

The Council has previously made contributions to the NHS Pension Scheme (NHSPS) for a small number of Council staff who had access to the NHSPS as part of their terms of employment. As of 1 April 2022 there were no longer any members of this pension scheme in Council employment, therefore this liability has ended.



All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work/ worked for the authority. These benefits are related to a combination of pay and service.

However, the arrangements for the TPS scheme means that liabilities for these benefits cannot ordinarily be identified specifically to the authority. In accordance with IAS 19 Employee Benefits, the schemes are therefore accounted for as if they were defined contribution schemes and, consequently, no liability for future payments of benefits is recognised in the Balance Sheet. The respective Directorate line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to TPS in the year and payments relating to the scheme members.

### **The LGPS**

The LGPS is accounted for as a defined benefits scheme:

- The liabilities of the Merseyside Pension Fund attributable to the authority are included in the Balance Sheet using the Projected Unit Credit actuarial cost method – an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds of currency and term appropriate to the currency and term of the scheme's liabilities.
- The assets of Merseyside Pension Fund attributable to the authority are included in the Balance Sheet at their fair value.
- The change in the net pensions

liability is analysed into the following components:

- current service cost.
- past service cost (including curtailments).
- pensions administration expenses.
- net interest expense (interest on plan assets and plan liabilities).
- remeasurement gains and losses.
- contributions paid to the Merseyside Pension Fund.

Statutory provisions require the General Fund Balance to be charged with the amount payable by the authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. This is achieved via the Movement in Reserves Statement, by way of appropriations to/from the Pensions Reserve to remove the notional debits and credits for retirement benefits and to replace them with debits for the cash paid to the pension fund and pensioners, excluding any prepayments for future year contributions (and any such amounts payable but unpaid at the Balance Sheet date).

### **Discretionary Benefits**

The authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme. No such awards have been made for a number of years.

### **Pensions Reserve**

The cost of providing pensions for employees is funded in accordance with the statutory requirements governing the particular pension plans in which the authority participates. However, accounting for employees' pensions is in accordance with prevailing accounting

standards, subject to any interpretations set out in the Code.

Where the payments made for the year in accordance with the Plan requirements, net of the prepayment of any future year contributions, do not match the authority's recognised operating and finance costs for the same period, the recognised cost of pensions will not match the amount required to be raised in taxation. An appropriation to or from the pensions reserve, which equals the net difference is recognised through the Movement in Reserves Statement.

Remeasurement gains and losses during the year, which impact on the net surplus or deficit of the Fund, will also be subject to a corresponding appropriation to/from the Pensions Reserve.

The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### **Fair Values**

The Council measures some of its non-financial assets, such as surplus assets and investment properties at fair value at each reporting date. The objective of this measurement approach is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under the current market conditions. The fair value measurement aim is to arrive at the notional 'Highest and Best value' for the asset and assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of such, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability on the same basis that market participants would use when pricing the asset or liability (assuming those market participants were acting in

their economic best interests).

The Council or their appointed valuer uses appropriate valuation techniques for each circumstance, maximising the use of relevant known data and minimising the use of estimates or unknowns. This takes into account the three levels of categories for inputs to valuations for fair value assets:

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

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1 inputs) and the lowest priority to unobservable (level 3 inputs).

### **Financial Instruments - Assets**

Financial Assets are classified based upon a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes. Financial assets can be measured as:

- Amortised cost.
- Fair value through profit and loss.
- Fair value through other comprehensive income.

The Council's business model is to hold investments to collect contractual cash flows, i.e. payments of interest and principal. All of the Council's financial assets are therefore classified as amortised cost and are recognised on the Balance Sheet on the basis of Fair Value, and subsequently accounted for using the Amortised Cost basis. In doing so, annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset, multiplied by the effective interest rate of the instrument. The interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

### **Financial Instruments - Liabilities**

The provisions within the Code are derived from the same Accounting Standards as detailed in the policy on Financial Assets. Financial liabilities are initially measured at fair value and carried at their amortised cost.

Annual charges to the Financing and Investment Income and Expenditure part of the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

For all of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (adjusted for accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

Where premiums on the repurchase or early settlement of borrowing have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years.

The Council has a policy of spreading the loss over the term that was remaining on the loan against which the premium was payable when it was repaid.

The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

It is the Council's policy to treat LOBO (Lender Option/Borrower Option) loans as long-term liabilities, unless there is an expectation that they will be repaid in full within the next 12 months.

### **Government Grants and Contributions**

#### **Council Acting as Principal**

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as Revenue or Capital Grants Receipts in Advance. When conditions are satisfied, the grant or contribution is credited to the relevant line in the Comprehensive Income and Expenditure Statement.

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

### **Council Acting as an Agent**

The Council does not recognise any amounts in the Comprehensive Income and Expenditure Statement where it is acting in the capacity of an agent - administering the payment of grant sums on behalf of government to third parties, applying prescribed criteria and having no discretion in relation to eligible recipients or sums payable.

Where the Council acts as an agent, any sums received from government but not distributed are carried in the Balance Sheet as a Creditor.

### **Heritage Assets**

Heritage Assets are recognised and measured, including treatment of revaluation gains and losses, broadly in line with the Council's accounting policies on Property Plant and Equipment. However, some of the measurement rules are relaxed in relation to Heritage Assets and these are detailed below.

The Council's Heritage Assets have been categorised into three different sub- groups:

- Fine art and museum collection.
- Civic regalia.
- Statues and monuments.

### **Fine Art and Museum Collection**

The Council's art collection is comprised of paintings held by the Council on display within the Town Hall, paintings held on display in the World of Glass, a number of sculptures that are displayed at various Council buildings and a collection of small value artefacts held as a museum collection at the World of Glass. The collection of artefacts, paintings and sculptures, which are located in a number of premises across the Borough, have been accessioned to, or acquired by, the Council and its predecessor Authorities.

The fine art collection held at the World of Glass and that held within the Council comprises various types of paintings (oil, watercolour and pen and

ink).

Records of all paintings (of significant value) are stored electronically by the Library Service and access is provided to the Council's Insurance Section. The paintings held within the Council's collection are included on the Balance Sheet and have been valued based on their insurance valuations. External valuations for the Council's fine art collection were carried out by Bonham during 2018-2019 and these have been used as the basis upon which to establish the value of individual items within the collection. There are over 300 items within the fine art collection.

The collection held at the World of Glass comprises of around 2,500 artefacts. The collection comprises of diverse items that have been deemed to be of historical interest. External valuations for these items have not been obtained for this collection on the grounds of materiality: as no individual items within the collection are deemed to have significant values it is believed that the cost of obtaining valuations would outweigh the benefit gained. An inventory of all items within the collection is maintained in an electronic format by the Library Service and access is provided to the Council's Insurance Section.

The Council has a local history and archives library which contains a number of public records relating to local institutions which the National Archives deems to be records of national significance. In addition, the library houses a number of collections relating to St Helens which includes correspondences, deeds and plans that are unique and are of historical importance. Whilst these collections are recognised to have local historical significance, they do not have a material value and, for this reason, have not been valued or included on the Balance Sheet. The archive collection is catalogued in an online database by the Library Service.



## **Civic Regalia**

The Council's civic regalia comprises of various mayoral chains and jewels, a mace and a variety of pieces of civic silverware. The value at which the civic regalia has been recognised in the Balance Sheet is based on the valuations obtained by the Insurance Section. The most recent insurance valuations for these items were provided by Lyon & Turnbull Limited during 2018-19.

## **Statues and Monuments**

The Council has a number of statues and monuments located across the Borough which fall to be recognised in the accounts as Heritage Assets. The most valuable items within this sub-category of Heritage Assets are the Saints Tribute statue and the Big Art Project: Dream.

All material items classified as statues and monuments have been recognised at historic cost. This is deemed to be appropriate as this reflects the amount that has been spent on these assets since their construction.

No depreciation is charged on the Council's Heritage Assets, since the Council believes that the assets it currently holds as Heritage Assets will have infinite lives and as such any depreciation charge calculated would be immaterial.

## **Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council (e.g. software licenses where the Council controls the asset) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the authority.

Intangible assets are measured at cost and the balance is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement on a straight-line basis typically over a period of 5 years. These amortisation charges are

not permitted to have an impact on the General Fund Balance and are reversed to the Capital Adjustment Account via the Movement in Reserves Statement.

## **Inventories**

Inventories are included in the Balance Sheet at the lower of actual cost and net realisable value. The cost of inventories is assigned using an average costing formula.

## **Investment Properties**

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

Investment properties are measured, initially, at cost and, subsequently, at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arms length.

Properties are not depreciated but are re-valued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

## **Joint Arrangements**

Joint Arrangements are arrangements in which two or more parties have joint control bound by a contract. A Joint Arrangement can be classified as:

- **A Joint Venture**

This is an arrangement under which two or more parties contractually agree to share control, such that decisions about activities of the entity require consent from all parties. Material interests in Joint Ventures would ordinarily necessitate the completion of group accounts using the equity method of consolidation.

- **A Joint Operation**

This is an arrangement under which parties that have joint control have the rights to the assets and obligations for the liabilities relating to the arrangement. Under such arrangements the Council recognises the assets and liabilities it controls on the Balance Sheet and debits/credits the Comprehensive Income and Expenditure Statement for its proportion of any expenditure incurred/income received.

## **Leases**

Under the requirements of IAS 17 Leases, the Council is required to consider/review all of its lease arrangements and apply the primary and secondary tests detailed in the standard to determine the extent to which the risks and rewards incidental to ownership lie with the lessor or lessee and therefore whether leases should be classified as operating or finance leases, with the subsequent accounting treatment being in accordance with the standard.

### **Authority as Lessee - Operating Leases**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service(s) benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease.

### **Authority as Lessor - Operating Leases**

Where the authority grants an operating lease over an item of Property, Plant or Equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Comprehensive Income and Expenditure Statement on a straight-line basis over the life of a lease.

## **Overheads and Support Services**

The costs of overheads and support services are charged to service segments in accordance with the authority's arrangements for accountability and financial performance. In practice, the authority operates and manages its corporate and support services separately under the control of the Executive Director of Corporate Services, and therefore these are shown separately as 'Corporate Services Directorate' on the face of the Comprehensive Income and Expenditure Statement.

## **Pensions**

See Employee Benefits.

## **Private Finance Initiative (PFI)**

PFI contracts are agreements to receive services, where the responsibility for making available the assets needed to provide those services passes to the PFI contractor.

The Council has one PFI scheme for Rainford High School, part of Rainford Academies Trust. As the assets will pass to the Academy Trust at the end of the contract, the Council does not carry the assets used under the contract on its Balance Sheet.

The Council recognises a liability for amounts due to the operator to pay for the capital investment.

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

- Fair value of services received during the year - debited to the relevant services in the Comprehensive Income and Expenditure Statement
- Finance cost - an interest charge is raised on the outstanding Balance Sheet liability and debited to the Financing and Investment Income and Expenditure line in the

Comprehensive Income and Expenditure Statement. The interest rate is calculated for the scheme so that the Balance Sheet liability is zero at the end of the contract. The interest rate applicable for the authority's PFI scheme is 9.8897%.

- Contingent rent - increases in the amount to be paid for the property arising during the contract
- Payment towards liability - applied to write down the Balance Sheet liability towards the PFI
- Lifecycle replacement costs - are split between revenue and capital costs. Revenue lifecycle costs are debited to the relevant service in the Comprehensive Income and Expenditure Statement in the year in which they are incurred

## Property, Plant and Equipment

### Recognition

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

In line with the requirements of IAS 16 Property Plant and Equipment, the Council recognises and accounts separately for any components where the value of the asset is of sufficient materiality and the component costs are significant in relation to the total cost of the asset.

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

Expenditure that maintains, but that does not add to, an asset's potential to deliver future economic benefits (repair and maintenance) is charged as an expense when it is incurred.

### Measurement

Assets are initially measured at cost, which includes the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Council does not capitalise borrowing costs incurred while the asset is under construction.

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

- Community assets - depreciated historical cost. Community assets can be carried at current value
- Infrastructure assets – depreciated historical cost. However, this is a modified form of historical cost – 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.
- school buildings - current value but due to their specialist nature depreciated replacement cost is used as an estimate of current value
- surplus assets - the current value measurement is fair value which is estimated as the highest and best use from a market participant's perspective
- assets under construction – cost, with no depreciation charge
- all other assets - current value, determined as the amount that would be paid for the asset in its existing use (existing use value EUV)

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

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

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, which is, as a minimum, every five years. The Council adopts a policy that assets with a gross book value of £3m or more are valued every year.

Revaluations are carried out as part of a rolling programme by a qualified Valuer, in accordance with guidance issued by the Royal Institution of Chartered Surveyors (RICS).

For 2022-2023, the Council used external valuers, Wilks Head & Eve LLP to value Property, Plant and Equipment and the investment portfolio. The effective date of the revaluation is the date upon which the revaluation was produced.

Key assumptions used in revaluing the assets include:

- good title can be shown and the properties are not subject to any unusual or onerous restrictions, encumbrances or outgoings
- the land and properties are not contaminated
- there are no prevailing environmental factors that would alter the valuations provided

Increases in valuations are generally matched by credits to the Revaluation Reserve to recognise unrealised gains. In some circumstances, gains may be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, the appropriate accounting treatment is dependent on whether the asset has been previously revalued upwards and there is a corresponding gain on the Revaluation Reserve.

Where there is a balance of revaluation gain for the asset in the Revaluation Reserve, then the carrying amount of the asset is written down against that balance (up to the amount of accumulated gains). Where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

### **Impairment**

Assets are assessed at each year end as to whether there is any indication that they may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where an impairment loss is identified, the appropriate accounting treatment is dependent upon whether the asset has been previously revalued upwards and there is a corresponding gain in the Revaluation Reserve.

Where there is a balance of revaluation gain for the asset in the Revaluation Reserve, then the carrying amount of the asset is written down against that balance (up to the amount of accumulated gains). Where there is no balance on the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Any subsequent reversal of impairment loss is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.



## Depreciation

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

Depreciation on all Property, Plant and Equipment assets is calculated by allocating the asset value over the period expected to benefit from their use on a straight-line basis. All assets are assessed individually in relation to their asset lives for the purpose of calculating depreciation. Conditions relative to each asset are considered in arriving at this determination.

Depreciation is calculated on the following bases:

- Buildings - straight-line allocation over the useful life of the property as estimated by the valuer which can range from 10 to 60 years.
- Vehicles, plant and equipment - straight line allocation over the lifetime of the asset as advised by a suitably qualified officer which can range from 2 to 30 years.
- Infrastructure - straight-line allocation over 30 to 40 years. Useful lives of the various parts of the highways network are as follows:

Part of the highways network	Useful life
Roads	40 years
Bridges	40 years
Street Furniture	30-40 years

The authority will apply component accounting (i.e. major components of the asset are depreciated over their respective estimated economic lives) to assets with a book value in excess of £5m where the impact of component accounting is considered material to the Financial Statements. The Council has adopted a policy in which assets are split into component parts, as provided by the external valuers. The assets are split using standard percentages of the building. Each of the component categories have standard average lives, which are then used for the purpose of calculating the depreciation charge.

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

## Assets Disposal and Non-Current Assets held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset held for Sale.

The asset is revalued and carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services.

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.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gains or loss on disposal.

Receipts from disposal (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal).

Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal of a non-current asset are categorised as capital receipts and credited to the Capital Receipts Reserve. Receipts are appropriated to this Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

### **Provisions and Contingent Liabilities**

The Council sets aside provisions for any liabilities of uncertain timing or amount that have been incurred in accordance with the requirements of the Code and IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Provisions are disclosed as separate Balance Sheet items, whilst provisions for bad and doubtful debts are netted off the carrying amount of debtors.

Provisions are recognised when:

- the authority has a legal or constructive obligation as a result of a past event
- it is probable that a transfer of economic benefits will be required to settle the obligation
- a reliable estimate can be made of the amount of the obligation

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

Where it is considered that an individual provision is of sufficient materiality or interest, then it will be shown quite separately on the face of the Comprehensive Income and Expenditure Statement.

Where payments for expenditure are incurred to which the provision relates, they are charged direct to the provision carried in the Balance Sheet.

Provisions are reviewed at each Balance Sheet date to reflect the current best estimate, taking into account the risks and uncertainties surrounding the events.

Where it is subsequently assessed that it becomes less than probable that a transfer of economic benefits will now be required (or a lower provision is required), the provision is reversed and credited back to the relevant service.

In contrast, Contingent Liabilities are not accrued in the accounting statements. They are disclosed by way of notes, if there is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of

one or more uncertain future events, not wholly within the control of the authority; or

- a present obligation that arises from past events, but where it is not certain that an outflow of resources will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability

### Redemption of Debt

Provision for the redemption of debt is made in accordance with the requirements contained in the Local Authorities (Capital Finance and Accounting) Regulations 2008.

The Council calculates its annual revenue provision with reference to assumed lives of its assets.

For borrowing incurred under the prudential arrangements (i.e., unsupported by Government funding), the charge is calculated on a straight line basis over the estimated life of the asset; the only exception to this is when a scheme is of a regeneration nature for which there has been no Government support, where the provision will be made using the Annuity Method Approach.

For its PFI scheme and that element of the CFR that was prior to the prudential regime supported by Central Government, the authority calculates a revenue provision using the annuity method. Whilst this calculation is still broadly based on a charge over the asset's life, the resultant profile for revenue provision is more closely aligned with the flow of economic benefit which, it is felt, is more appropriate for PFI schemes.

### Reserves

The authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies.

Earmarked reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement.

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year 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 General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement, employee benefits and the Dedicated Schools Grant adjustment account and do not represent usable resources for the authority.

The purpose and usage of each reserve is disclosed in notes accompanying the Core Statements.

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

Expenditure incurred during the year that may be capitalised under statutory provisions, but that does not result in the creation of a non-current asset, has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year.

Where the authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

These items are generally grants and expenditure on assets not owned by the authority.

### Schools

The Code of Practice on Local Authority Accounting the United Kingdom confirms that the balance of control for Local Authority-maintained schools (those categories of schools identified in the Schools Standards and Framework Act

1998) lies with the Local Authority.

The Code stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the Local Authority single entity financial statements.

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

School assets are recognised as a disposal from the Council's Balance Sheet on the date on which a relevant school converts to academy status, not on the date of any related announcement. No impairment is recognised prior to the date of conversion.

### **Tax Income (Non-Domestic Rates, Council Tax**

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

The Council acts both as an agent (collecting Non-Domestic Rates on behalf of the Merseyside Fire & Rescue Authority) and as a principal (collecting Non-Domestic Rates for itself). Non-Domestic Rates transactions and balances are therefore allocated between the Council and Merseyside Fire & Rescue Authority, applying accepted agent and principal treatments as appropriate.

Under the legislative framework for the Collection Fund, both parties share proportionately the risks and rewards that the amount of Non-Domestic Rates collected could be more or less than predicted.

The Council participates in a Non-Domestic Rates pool with Warrington and Halton Borough Councils. Under the arrangements of this 'Mid-Mersey Pool' the authority may benefit from the redistribution of levy savings that accrue to Warrington Borough Council as a result of the pools' existence. Any sums received are recorded as part of the Taxation and Non-Specific Grant Income line of the Comprehensive Income and

Expenditure Statement.

#### **Council Tax**

Similarly, the Council acts both as an agent (collecting Council Tax on behalf of the Police and Crime Commissioner for Merseyside, the Merseyside Fire & Rescue Authority and the Liverpool City Region Combined Authority) and as a principal (collecting Council Tax for itself). Council Tax transactions and balances are therefore allocated between the Council and the major preceptors, applying accepted agent and principal treatments as appropriate.

Under the legislative framework for the Collection Fund, all four parties share proportionately the risks and rewards that the amount of Council Tax collected could be more or less than predicted.

The Council's proportionate share of both Non-Domestic Rates and Council Tax will be recognised in the Comprehensive Income and Expenditure Statement in the line Taxation & Non-Specific Grant Income. As a billing authority, the difference between the Non-Domestic Rates and Council Tax income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund, shall be taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement.

For both Council Tax and Non-Domestic Rates, the Council's proportionate share of assets and liabilities (debtors, receipts in advance, provisions for doubtful debts, etc.) are recognised individually within the Balance Sheet. The net asset/liability in relation to the other parties is shown as a single debtor/creditor figure, as appropriate.

#### **Value Added Tax (VAT)**

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



# STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

## The Authority's Responsibilities

The authority is required:

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

## Responsibilities of the Director of Finance

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

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

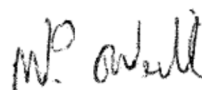
- selected suitable accounting policies and then applied them consistently.
- made judgements and estimates that were reasonable and prudent.
- complied with the Code of Practice.

The Director of Finance has also:

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

## Certificate

I certify that this Statement of Accounts gives a true and fair view of the financial position of St Helens Borough Council at 31 March 2023 and its income and expenditure for the year then ended. In doing so, I authorise the Statement for issue and confirm that it is this date up to which events after the Balance Sheet date have been considered in preparing the Statement.



Director of Finance

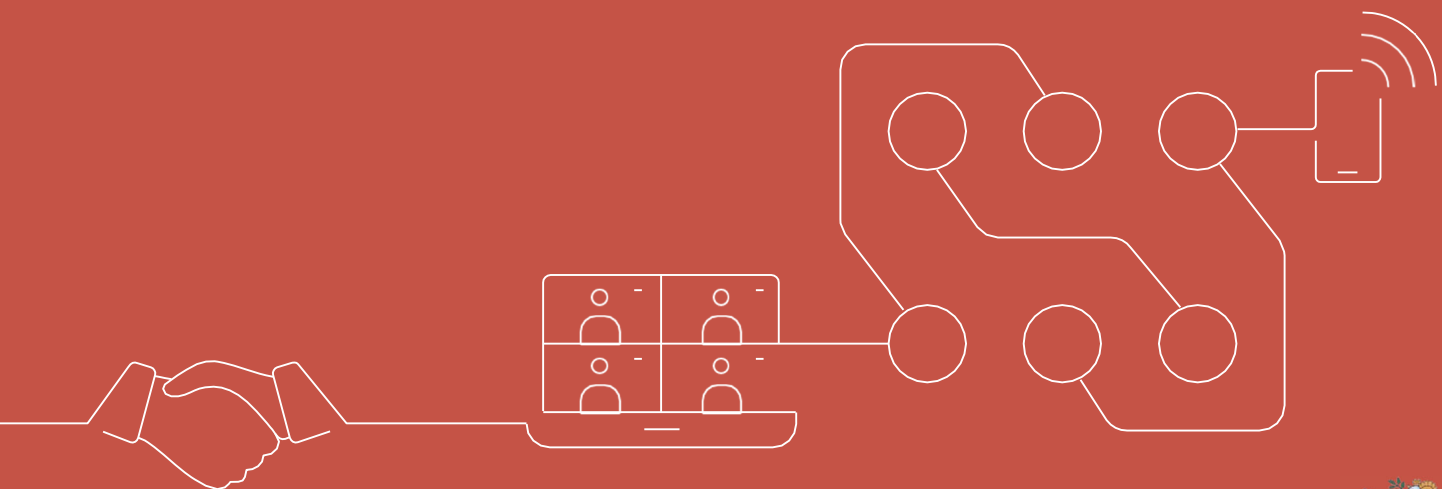
Date: 15<sup>th</sup> December 2023



# ANNUAL GOVERNANCE STATEMENT

## 2022-2023

WORKING TOGETHER FOR A BETTER BOROUGH WITH PEOPLE AT  
THE HEART OF EVERYTHING WE DO



## Introduction

**The Accounts and Audit Regulations 2015 require the Council to prepare and publish a governance statement on an annual basis. The Annual Governance Statement (AGS) describes the Council's governance framework including the systems, processes, culture, and values that are used to direct and control the Council's**

The Council's governance framework enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The AGS establishes the Council's commitment to delivering robust governance arrangements and how it has reviewed the effectiveness of those arrangements. The Statement should explain how it has mitigated and intends to mitigate any significant risks or issues and set out the key issues to be addressed over the coming year.

Maintaining a good governance framework that is owned and prioritised across the Council throughout this turbulent period is an essential element in ensuring that public money is properly accounted for, and that business is conducted in accordance with the law and appropriate standards.

### Scope of Responsibility

**St Helens 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 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.**

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

St Helens Borough Council acknowledges its responsibility for ensuring the Council has an effective governance framework and has developed a Code of Corporate Governance based on the seven core principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE)'s *'Delivering Good Governance in Local Government Framework – 2016 Edition'*. The Council's Code of Corporate Governance outlines the practices and principles that underpin the Council's governance arrangements.

This statement explains how St Helens Borough Council complies with the Code and meets the requirements of Regulation 6 (1) (a) and (b) of the Accounts and Audit Regulations 2015 which requires the Council to publish an AGS. It is the responsibility of all officers of the Council to comply with the approved Code of Corporate Governance Framework.

### What is Corporate Governance?

**Corporate governance is the system of rules, practices, and processes by which an organisation is directed and controlled.**

Corporate governance refers to how the Council governs itself and to what purpose. It defines who has authority and accountability and how decisions are made. In summary, it is a toolkit that enables management and the Cabinet to deal more effectively with the many and varied challenges of running an organisation as diverse as a local authority.

Governance is about how the Council ensures that it does the right things in the right way and in a timely, open, honest, and accountable manner.



## What is the AGS?

**Each Council is required by the Accounts and Audit Regulations 2015 to publish an AGS, as part of the Statement of Financial Accounts. The AGS is the Council's public statement on how it has complied with its own Local Code of Corporate Governance. The AGS explains the processes and procedures that have been in place during the year that have helped the Council perform its functions**

The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically.

### How has the AGS been Compiled?

The Council's local Code of Corporate Governance has been reviewed and updated to reflect current organisational structures and systems. It was approved by the Committee in March 2022. The effectiveness of the Council's arrangements has been assessed based on that Code.

The Governance Group is established and meets regularly, promoting effective and robust governance and risk management across the Council to demonstrate assurance and compliance. The group is chaired by the Executive Director, Corporate Services, with membership made up of Directors across all Directorates and Departments, the Monitoring Officer, the deputy Monitoring Officer and the Head of Audit and Risk. It reviews key governance items, risk updates, performance data including information governance, key policies and strategies, and decision making.

## Digital and Information Governance Group (DIGG)

The recently formed Digital and Information Governance Group ensures that the Council fulfils its statutory responsibilities in relation to Information Governance:

- ensure effective information governance controls are in place for managing, safeguarding, and making best use (within legal constraints) of valuable information assets.
- ensure that effective information governance allows the Council to make the best use of its information assets to conduct its functions.
- ensure that the information standards and controls established for the protection, quality, use and disposal of Council information assets are monitored and audited to ensure that information risks are managed and mitigated, proportionate with the level of harm, which could reasonably be caused if information assets were to be compromised.
- ensure that information risks are managed and mitigated, proportionate with the level of harm, which could reasonably be caused if information assets were to be compromised.
- ensure the Council has effective policies and management arrangements covering all aspects of information and digital governance, including any necessary and proportionate data sharing.

### Cost of Living

Post pandemic the Council is addressing the impact of high inflation and rising costs of fuel, food and other essentials that are combining with existing disadvantage and vulnerability within our community, putting many households at greater risk of both immediate hardship and reduced opportunity and wellbeing.

The Council and local partners deliver essential services and support and will continue to do what they can to protect people against higher costs, targeting help at those facing the most complex challenges.



The governance framework at St Helens Borough Council has continued to operate and will remain subject to ongoing review to ensure its future operational effectiveness.

## Strategic Planning

The Council articulated its vision in Our Borough Strategy 2021-2030. The Strategy sets out the Council's vision for St Helens Borough, the priorities, and the outcomes the Council will strive to achieve. The Strategy includes six priorities for the Borough as follows:

1. Ensure children and young people have a positive start in life.
2. Promote good health, independence, and care across our communities.
3. Create safe and strong communities and neighbourhoods for all.
4. Support a strong, thriving, inclusive and well-connected local economy.
5. Create green and vibrant places that reflect our heritage and culture.
6. Be a responsible Council.



Each of the above priorities contain a number of bonds for a better Borough and an outcomes framework that includes measures of success. It is the priorities of Our Borough Strategy which form the basis of the Council's approach to departmental service planning, with each service plan containing a series of actions specified against the priorities of Our Borough Strategy.

## Decision Making

The Council has adopted and approved its Constitution, which establishes an efficient, transparent, and accountable decision-

making structure. Member and Officer roles are clearly defined within the Constitution.

The Council's committee structure is shown in **Appendix 1**. Cabinet is the main decision-making body. Meetings are open to the public except where personal or confidential matters are being discussed. It comprises the Leader of the Council plus nine other Councillors appointed as portfolio holders. Each Member of Cabinet has a portfolio of responsibility that relates to a service/function of the Council.

There is an effective and well understood scheme of delegation that has been adhered to. These arrangements are clearly established in the Constitution and supporting documents, including financial and contract procedure rules.

The Council has an appointed Monitoring Officer and Deputy Monitoring Officer whose primary function is to ensure that the Council operates in a lawful manner.

## Scrutiny

The Council has an Overview and Scrutiny Commission and three Scrutiny Committees: Adult Social Care and Health Scrutiny Committee; Children and Young People's Services Scrutiny Committee, and Place Services Scrutiny Committee.

The Commission and its committees examine the decisions, policies and overall performance of the Council and its Cabinet. They can make recommendations for improvement and have the power to 'call in' decisions made by Cabinet before they are implemented.

No call ins were made during the year.

## Risk Management

The Council is committed to effective risk management and assurance and understands and manages the risks that could prevent the Council from achieving its vision, ambitions, and priorities.

An effective risk management framework is not all about risk avoidance; it is about giving the confidence to embrace the right opportunities and help support the Council's ambitions and commercial strategy.

The Council's Risk and Opportunity Management Framework purpose is to outline the Council's approach to managing risk and opportunity to assist the Council in

improving its services, using its resources efficiently and delivering value for money. The Council recognises that effective risk management is an essential element of the governance framework and contributes to a robust internal control environment.

The Council's strategic risk register has been monitored by the Senior Leadership Team, the Governance Group and with updates reported to the Audit and Governance Committee. The strategic risk register reflects the key challenges to the Council's vision.

### **Resilience**

The robustness of business continuity and disaster recovery arrangements were tested during the Covid-19 pandemic. The new ways of working required the business continuity framework and associated plans to be revised during 2022/23 to reflect the changes in working environment. The Emergency Plan and Business Continuity Improvement Action Plan is progressing, incorporating lessons learnt from the pandemic.

### **Vision for Council Culture**

Having the right culture in place supports the achievement of the Council's priorities and vision and supports an ethos of compliance and good governance so that colleagues work together for the benefit of the Council. The Council carried out many consultation and engagement sessions with employees to determine and co-design this culture.

Working together, the Council has co-designed and created its vision for workplace culture, values and behaviours for everyone.



### **Partnership working**

Effective partnership working continues to be increasingly important to the Borough and the Council is committed to meaningful and effective partnership working which will contribute to shared aims of improving the economic and social wellbeing of its communities and supporting the delivery of the priorities and vision as set out in Our Borough Strategy.

The Partnership Governance Framework forms part of the Council's corporate governance framework. It outlines the Council's expected approach to partnership working with the aim of helping to ensure that each partnership demonstrates good governance; defining what is meant by a partnership and outlining the principles and approach that should govern how each partnership should be constructed.

The internal audit plan considers high risk areas to provide assurance that appropriate monitoring and control arrangements are in place, and that partnership arrangements are subject to properly constructed contracts or agreements which are supported by appropriate governance, quality assurance, financial monitoring, and performance management processes.

The Council is one of two equal partners in Parkside Regeneration Limited Liability Partnership (Parkside LLP). Parkside LLP was set up in 2013 with a private sector partner with the aim of regenerating the former Parkside Colliery site. Parkside LLP is run by a Board comprising of 6 persons of which 3 board members are nominated by the Council. Parkside LLP appoints its own independent auditors to review its annual accounts.

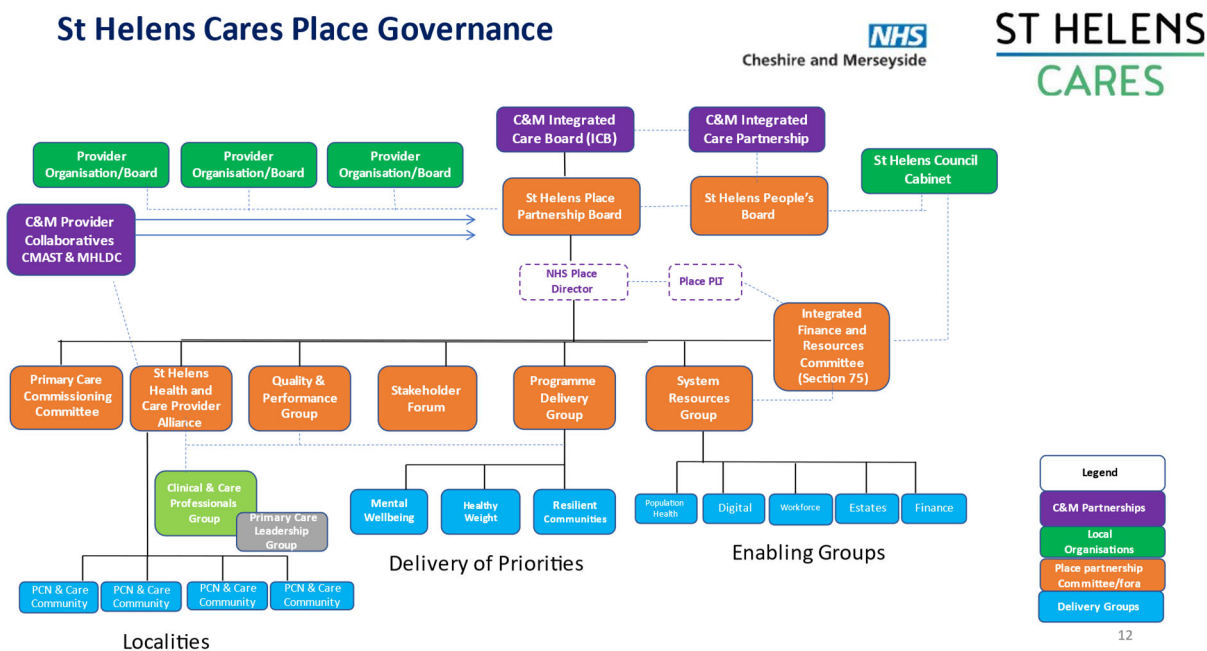
St Helens Cares Partnership is well established and links to the Council and NHS with representation from a variety of partners. See below.

### **Delivering Good Governance in Local Government**

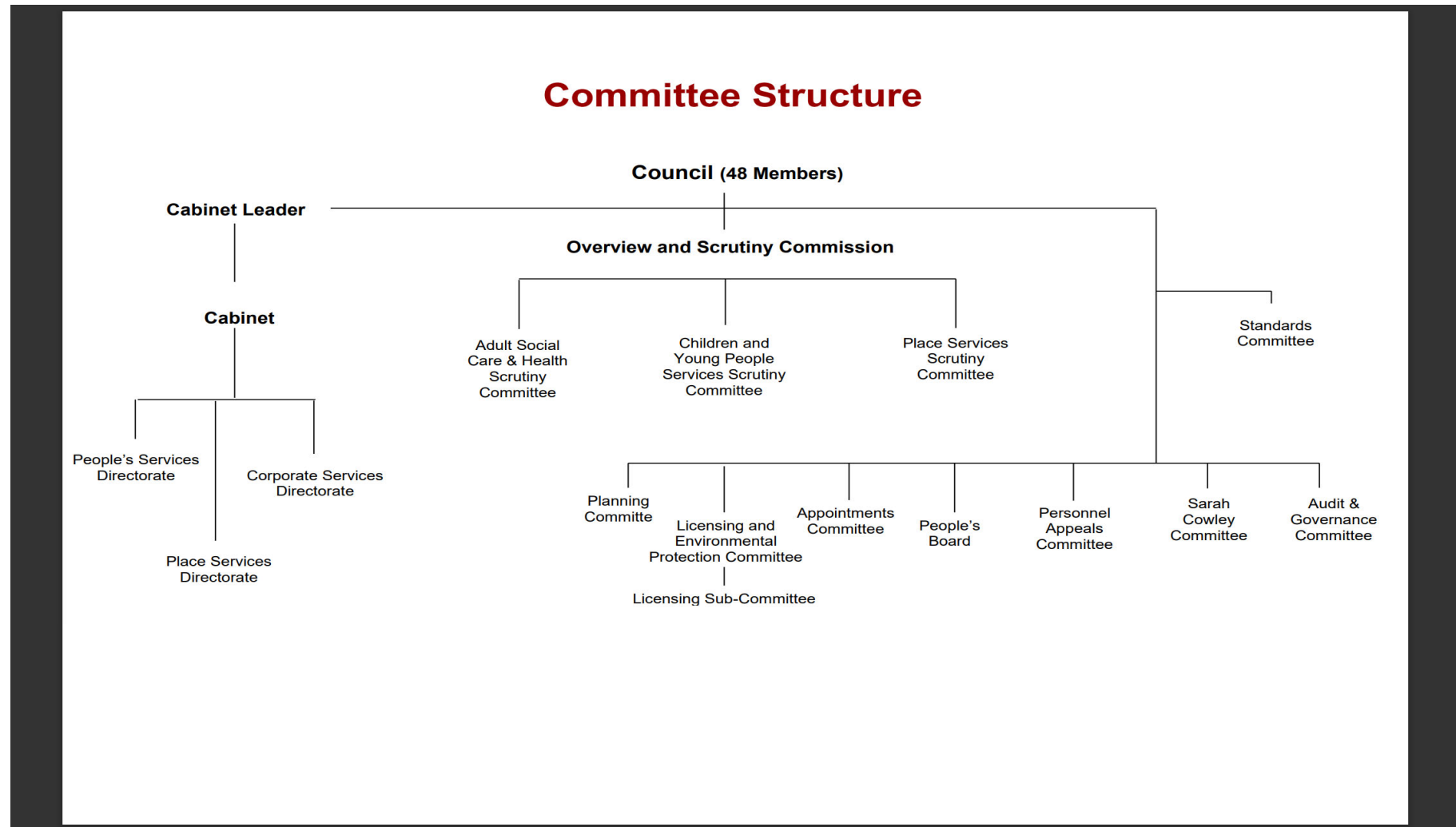
CIPFA published an updated version of their Delivering Good Governance in Local Government Framework in 2016. It sets out seven principles of good governance and the Council aims to achieve good

standards of governance by adhering to those seven core principles which form the basis of its Code of Corporate Governance. The annual review of the effectiveness of governance is undertaken taking account of the Core Principles, expected and actual assurance mechanisms and actions for improvement.

**Appendix 2** summarises how the Council meets those principles.



## Appendix 1 St Helens Borough Council Committee Structure





## Appendix 2 - Good Governance Framework

### PRINCIPLE A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

#### Behaving with Integrity

- Code of Conduct for Elected and Co-Opted Members based on the LGA model Code and Merseyside Code. The Code addresses the Committee on Standards in Public Life best practice recommendations.
- Member/Officer Protocol engenders mutual respect and trust.
- Register of Interests for Members and Staff.
- The Equality, Diversity and Inclusion Policy promotes equality of opportunity across the organisation.
- Openness and accountability supported via the Whistleblowing Policy.
- Induction programme/checklist for members and staff, including the Nolan Principles.
- "Welcome to St Helens" includes a focus on the Code of Conduct and the Nolan Principles.
- Leading and Managing Together Programme for senior and middle management to promote positive behaviour.

#### Demonstrating strong commitment to ethical values

- Standards Committee with cross party representation and an appointed Independent Person to assist with Code of Conduct complaints.
- Clear protocols exist for partnership working.
- Communicating shared values through briefings and engagement sessions and St Helens First.
- Register of Interests and the declaration of interests is a formal element of committee meetings.
- Complaints Policy and a procedure for addressing complaints received.
- Systems and processes built around values, for example Delegated Executive Decisions, Operational Decisions and Cabinet Reports.

#### Respecting the rule of law

- The Constitution outlines the Council's responsibilities including Cabinet, Committees and Scrutiny.
- The Council has appointed to all statutory roles including Head of Paid Service, Monitoring Officer, Section 151 Officer, Director of Children's Services, Director of Adult Social Services and Director of Public Health.
- Member Induction programme and regular member training incorporating the Code of Conduct for Elected and Co-opted Members.
- Anti-Fraud and Corruption / Anti Money Laundering / Bribery Policies and Internal Audit are Public Sector Internal Audit Standards (PSIAS) compliant.
- Audit and Governance Committee oversees compliance with governance, risk, and control environment, with an independent member to add challenge.
- Performance Framework provides oversight of organisational compliance against statutory requirements.

## PRINCIPLE B: Ensuring openness and comprehensive stakeholder engagement.

### Openness

- Findings of the engagement process resulted in Our Borough Strategy 2021 -2030 which outlines the Borough's vision and priorities supported by a comprehensive strategic framework.
- The Council's Constitution provides the framework for the decision-making process and reports to the Council's Committees require documented consideration of a range of issues in support of any recommendations made.
- The Council complies with the requirements of the Transparency Code of Practice and has implemented a process of independent assessment of compliance.
- Freedom of Information Publication Scheme.
- Council meetings recorded and streamed.

### Engaging comprehensively with institutional stakeholders

- The Constitution outlines the decision-making process. Agreement procedures are in place and templates for Council and Committee decisions clarify who is consulted. Records held of all decisions made.
- Several strategic and operational partnerships are in place within the Borough and terms of reference are in place for each partnership which set out the expectations and commitments of all partners.
- The St Helens Peoples Board work collaboratively to support the Integrated Care Board and Integrated Care System at Cheshire and Merseyside.
- St Helen Cares involves collaboration with over 15 organisations.
- Stakeholder mapping exercises conducted as part of a Communications Plan on campaigns.

### Engaging stakeholders effectively, including individual citizens and service users

- Our Borough Strategy is being delivered, setting six key priorities, accompanied by relevant branding.
- Community Engagement Strategy sets out principles and methodology for undertaking public consultations with stakeholders.
- Call in mechanism for scrutinising Member decisions.
- Recent communication and engagement campaigns have encouraged, collected, and evaluated stakeholders' views and opinions. Have your say has sought views on the Arts Strategy, travel improvement plans and the budget review.

## PRINCIPLE C: Defining outcomes in terms of sustainable economic, social, and environmental benefits.

### Defining outcomes

- Our Borough Strategy 2021 -2030 is the key strategic document that defines the authority's vision, objectives, outcomes, and key measures of success.
- The performance and financial monitoring framework and regular and timely reporting to Cabinet, Council and Scrutiny ensures performance is tracked.
- The Council set out its 2022/23 Revenue Budget, three-year capital programme and Capital Strategy, the Treasury Management Strategy Statement for 2022/23 and its Medium-Term Financial Strategy 2022-25.
- Reporting on the Strategic Risk Register to Senior Leadership Team and Audit and Governance Committee.
- Service plans include actions and objectives linked to key outcomes.
- The Council has a template of factors to be considered when seeking a decision from Members; includes impact analysis, statutory framework, financial implications, options available and risk assessment.
- Revised and focussed Children and Young People Services (CYPS) Improvement Plan is reported to the CYPS Improvement Board.
- Benefits realisation element included in consideration and monitoring of organisational transformation programmes.

### Sustainable economic, social and environmental benefits

- The Constitution determines how decisions are made, and factors to consider. Decisions are taken with a wide view of the potential implications.
- The Council includes an equality impact assessment for each key decision.
- The decision-making process in committee reports requires an assessment of the community impact and includes social value, sustainability, equalities, human rights, customers, and resident.
- Climate Emergency Declaration and comprehensive Climate Action Plan, agreed by Cabinet in May 2023.
- The Council has completed business impact analysis forms to identify critical services and has developed business continuity plans for those services.
- The Council has introduced a Social Value Policy to drive added social value through everything it does, with pilots being delivered in regeneration schemes and highways infrastructure projects, with new tolls introduced to embed social value across our procurement activity to enable measurement and reporting.

## PRINCIPLE D: Determining the interventions necessary to optimise the achievement of the intended outcomes.

### Determining interventions

- The Council has a template of factors which must be considered when seeking a decision from Members.
- Decisions on service changes are made within the Budget and Policy framework of the Council. Those affected by a decision will be subject to formal consultation. The outcome of consultation exercises is made available to stakeholders and decision makers.
- Public consultation is undertaken to take account of residents' views when contemplating service changes.

### Planning interventions

- Adherence to a Corporate Planning Timetable covering forward planning, and budget and performance management and monitoring.
- Risk and Opportunity Management Policy and Strategy is embedded, corporate decision-making templates prompt the consideration of risk.
- The Council has annual directorate, department, and service plans.
- Appropriate key performance indicators (KPIs) are monitored during the year.
- Detailed budget and performance reports presented to Cabinet, Council and Scrutiny quarterly highlighting areas of underperformance and corrective action.
- Monthly budget monitoring process for all budget holders supported by Finance staff and attendance at budget and performance monitoring group meetings for each portfolio with relevant finance staff and Directors.

### Optimising achievement of intended outcomes

- The Council sets its 2022/23 Revenue Budget, three-year capital programme and Capital Strategy, the Treasury Management Strategy Statement for 2022/23 and its Medium-Term Financial Strategy 2022-25. The proposed budget set a balanced budget for 2022/23 and met the budget gap through the implementation of savings proposals and addressed the need to rebuild reserves to provide financial resilience and to allow resourcing for the Council's strategic priorities and to support transformation and growth.
- Cabinet received regular financial and budget reports to inform the Council's financial planning aimed at ensuring the availability of appropriate resources for priority areas and promoting value for money.
- Quarterly performance reports during the year have analysed the progress and performance against the Council's priorities.



## PRINCIPLE E: Developing the entity's capacity, including the capability of its leadership and the individuals within it.

### Developing the Council's capacity

- The Outcome Based Performance Management Framework provides an integrated approach to the measurement of effectiveness.
- The Council's Senior Leadership Team is supported by Directors, Assistant Directors, and Heads of Service, and reconfigured service teams as part of the whole Council restructuring program.
- The Council has a pooled budget (Section 75 Agreement) within Social Care and Health and manages this through a joint commissioning team. It has other joint services with partners.
- The Council actively works across the LCR to identify opportunities for further collaborative working.
- The Council has centralised procurement activity and introduced new processes, practices, and digitalised solutions, to ensure adequate support and proactive delivery of procurements.

### Developing the capability of the Council's leadership and other individuals

- The Constitution clearly defines the statutory roles required including Head of Paid Service, Monitoring Officer, and Chief Financial Officer (S151).
- The Chief Executive is subject to appraisals by the Leader of the Council and there is a staff performance appraisal process in place for all employees with further statutory supervision for certain employee groups.
- Members' Induction Programme is in place and Member training is ongoing.
- Programme of online training for employees.
- Training & Development Plan reflect requirements of a modern councillor including leadership and influencing skills, the ability to scrutinise and challenge; to recognise when outside advice is required, and how to function as an ambassador for the community.
- HR policies support employee wellbeing including attendance, welfare and health initiatives and provision of Occupational Health and Counselling services.
- Mental health first aiders across the organisation. Workplace Health and Well-Being Group in place implementing a range of mental wellbeing initiatives via an action plan.
- Culture Champions in place across the organisation to support physical and mental well-being.
- The Council has developed and is deploying new procurement and contract management training to develop individual and organisational capability, to optimise the return on investment from our Third Party Spend.
- Leading and Management Together programmes for middle and senior managers. SLT development programme.

## PRINCIPLE F: Managing risks and performance through robust internal control and strong public financial management.

Managing risk	<ul style="list-style-type: none"><li>• Risk &amp; Opportunity Management Framework with shared departmental and strategic risk registers.</li><li>• Business continuity arrangements are in place for critical services.</li><li>• The Audit and Governance Committee has oversight of the Council's effectiveness of governance, control, and risk management.</li></ul>
Managing performance	<ul style="list-style-type: none"><li>• Our Borough Strategy 2030 outlines the Borough's vision and priorities, developed following an extensive consultation and engagement exercise. A performance framework with a suite of performance indicators and targets link to the Strategy's priorities and outcomes. The performance framework and targets are reviewed annually.</li><li>• Quarterly performance reports are presented to Cabinet and Overview and Scrutiny, with performance benchmarked against other councils.</li></ul>
Robust internal control	<ul style="list-style-type: none"><li>• The Council has an internal audit team that adheres to the Public Sector Internal Audit Standards. Recent peer review of standards concluded that audit team conform.</li><li>• Quality Assurance Improvement Plan, actions owned by Head of Audit &amp; Risk.</li><li>• Health and safety officers conduct inspections and Fire Risk assessments and advise on residual controls to mitigate risks.</li><li>• Internal audit recommendations are tracked and evidenced prior to closure. Progress against the annual plan reported quarterly to the Audit and Governance Committee.</li><li>• Anti-Fraud and Whistleblowing policies updated and reflect best practice.</li></ul>
Managing data	<ul style="list-style-type: none"><li>• The Information Management Framework provides the overarching policies and governance surrounding the Council's management of information and information systems.</li><li>• The Council has a Governance Group whose membership includes all Council Directors and receives regular dashboard updates. A new Digital and Information Governance Group has been established to focus on information governance improvements, challenges, and risks.</li><li>• Reported data breaches (including near misses) are investigated with remedial action identified.</li><li>• Data protection and Cyber Security training are mandatory.</li></ul>
Strong public financial management	<ul style="list-style-type: none"><li>• Strong budget management arrangements in place and financial monitoring reports submitted on a quarterly basis to Cabinet providing the Council's financial position and forecast outturn position.</li><li>• Overview and Scrutiny Commission receives financial monitoring reports.</li><li>• External Audit provide their opinion on the Council's financial statements including this Annual Governance Statement. Also conclude on the Council's arrangements for securing value for money.</li><li>• The Audit and Governance Committee has oversight of the Chief Financial Officer's (Section 151) effectiveness in ensuring a robust financial control environment is maintained.</li></ul>

## PRINCIPLE G: Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

### Implementing good practices in transparency

- The Council complies with the requirements of the Transparency Code of Practice and has implemented a process of independent assessment of compliance.
- Maintaining compliance by publishing all required information in a timely manner, ensuring it is publicly available and open to challenge.
- Procurement information (ITT and Contracts above £5k) are published through the web-based procurement system and are publicly available.
- The Audit and Governance Committee has oversight of the Chief Financial Officer's (Section 151) effectiveness in ensuring a robust financial control environment is maintained.
- Parkside LLP (joint venture partnership with a private sector partner to regenerate the former Parkside Colliery site) is governed by a Board of six people; three are Council nominated.

### Implementing good practices in reporting

- The Audit and Governance Committee considers the Statement of Accounts, matters raised by the external auditor, risk management, internal audit outcomes and the annual fraud report.
- The Council publishes this Annual Governance Statement that outlines how it has monitored its governance environment.
- The published Statement of Financial Accounts summarises the Council's financial performance and demonstrates the Council's stewardship of public money for that year.
- The Narrative Statement within the Statement of Accounts summarises service delivery achievements, performance and key financial information and a more detailed Annual Corporate Finance Report and Performance Outturn Report are presented to Cabinet and Scrutiny.
- Quarterly Financial and performance reports are presented to Cabinet and Scrutiny.

### Assurance and effective accountability

- The St Helens People's Board operates in a transparent public arena providing accountability for health and well-being functions.
- Community safety functions transferred from the People's Board with the re-establishment of a stand-alone Community Safety Partnership approved by Cabinet in April 2023.
- Committee agendas published on the internet using Modern Gov. and the meetings are webcast.
- The Constitution defines decision making and accountability arrangements.
- The Audit and Governance Committee oversees the effectiveness of risk management, control, and governance arrangements.

## ASSURANCE

The Audit and Governance Committee has a key role as the “body charged with governance” and its Terms of Reference set out the requirement to gain and monitor the necessary assurances in respect of the Council’s control, governance, financial management, and reporting framework.

### Sources of Assurance

Various sources of assurance contribute to examining and confirming the Council’s compliance with laws, regulations, governance arrangements and that expenditure is in line with Finance Regulations.

The Council’s assurance arrangements reflect the Institute of Internal Auditors’ Three Lines Model. A summary of the model is shown below. The Head of Audit and Risk considers a wide source of assurance to reach his annual opinion.

### Internal Audit

Internal audit work provides an independent source of assurance on the effectiveness of the Council’s governance, risk management and internal control environment. The designated Chief Audit Executive is required to provide an annual opinion on the effectiveness of that environment and that opinion is based on the audit work conducted during the year, and other sources of robust assurance.

The overall opinion, as reported in the Annual Internal Audit Report was that of **Substantial Assurance**, based on the level of work performed.

According to Internal Audit’s current definitions, this means that most expected controls are in place but there is some inconsistency in their application. Whilst there is a sound system of controls, there may be weaknesses in the design and/or operation of these and recommendations have been made to enhance the control environment further.

## Areas of Limited Internal Audit Assurance (excluding schools) in 2022/23.

### Careline

There are two principal areas: The Home Improvement Agency (HIA) and Careline.

The HIA sits within the Housing & Communities department of Place Services and specialises in ensuring customers’ homes meet their needs. With a wealth of knowledge, advice and home improvement services, whose particular focus is helping elderly and vulnerable residents live independently in their own home for longer, the HIA provide guidance and assistance to conduct repairs, adaptations, and improvements. They are responsible for the installation and maintenance of careline equipment.

Following a restructure, the Careline service moved to the Therapy & Reablement Service, which forms part of Adult Social Care Department. The Careline service offers a local and national monitoring service to people with disabilities and other vulnerable and elderly people, 24 hour a day, seven days a week, via a Lifeline Emergency Unit within their own home. The Careline control centre is operated by specially trained staff who will respond quickly and sensitively to all users’ needs. The aim is to maintain customers’ independence and security within their own home. Careline will assist if a user has an accident, fall or a minor domestic emergency, and specialise in assisting people who wish to continue or resume living independently as part of a simple or complex care package.

The review considered the processes in place with regards to Careline and where there is crossover with the Home Improvement Agency including the sourcing, charging, receipting, recovery, costs, SLAs, response times and customer experience. All recommendations were agreed, to address issues identified and will be followed up to confirm implementation according to target dates.



## **Complaints**

The Information Governance, Complaints and Compliance Team, which was formed in May 2021, with a final revised structure being implemented in Phase 3 in February 2023 is based within Policy, Change & Reform and manages Adults and Children's complaints.

However, the responsibility for general complaints at the time of the audit had been allocated, but the triage and allocation of general complaints sat within the Contact Centre.

At the time of the review, overall responsibility for general, adults' and children's complaints were split across two departments within Corporate Services. Inconsistencies in the approach to dealing with all complaint types were identified, which is leaving the Council at risk of reputational damage. To ensure a unified consistent complaints approach, a recommendation was made to have all complaints led by one senior officer.

There are various systems for recording general complaints, and complaints about Adult and Children's Services. Each has its own system and process, which is leading to inconsistencies in treatment in terms of recording and monitoring of complaints, and reporting on complaints performance. The GOSS System is being developed for the recording and monitoring of general, Adults and Children's complaints, and in effect will be the complaints system. If system options are optimised, it will ensure that some of the issues highlighted in the report will be appropriately controlled in the future and the associated risks mitigated.

The audit identified a considerable number of other areas of development. As a result, 6 high priority, 4 medium priority and 6 low priority recommendations were agreed to address the control issues and will be followed up to confirm implementation according to the target dates.

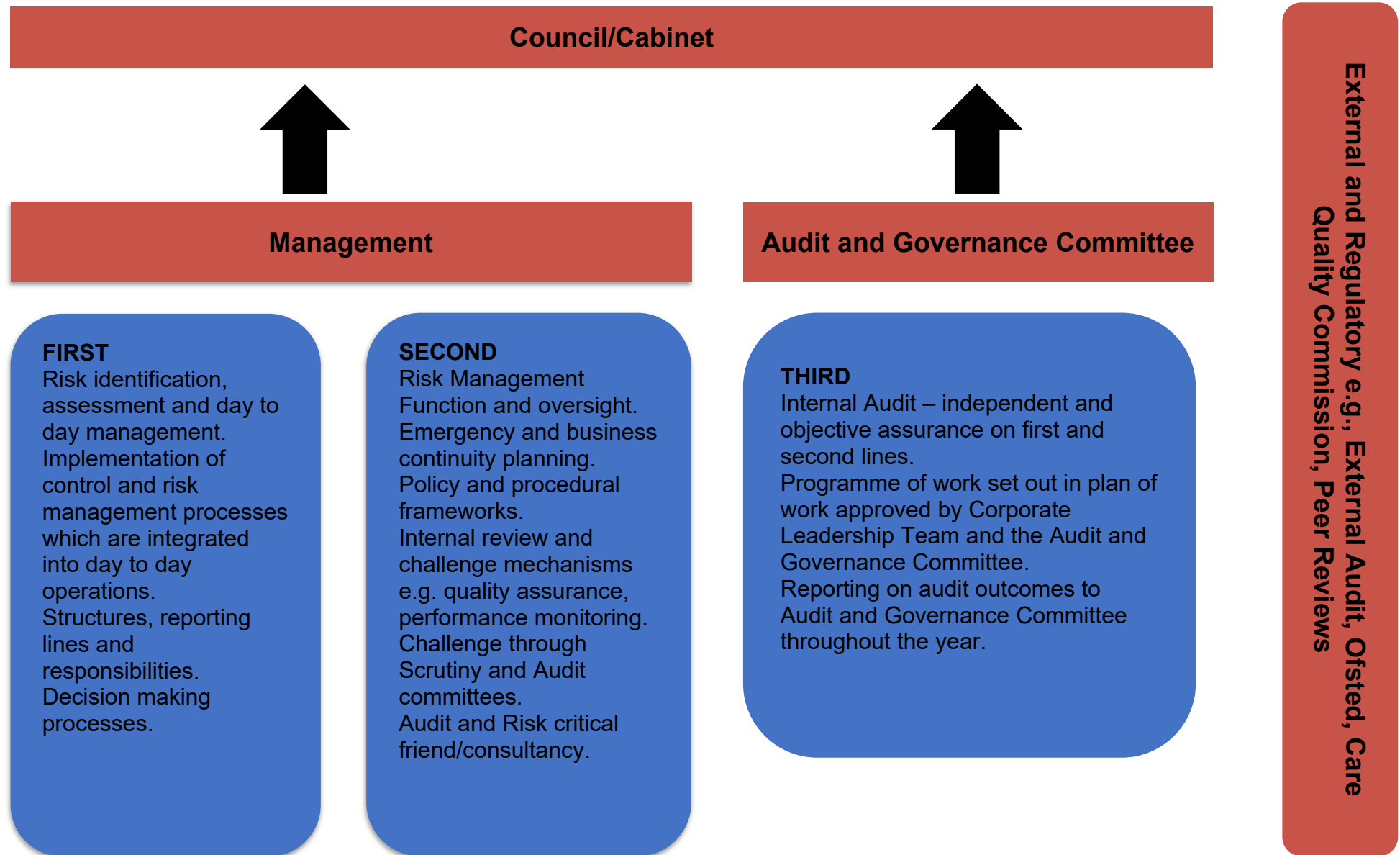
## **Social Prescribing**

Social Prescribing is a method of referring patients to non-clinical community services for a more holistic approach to enable them

to make their own health choices and develop skills to improve their personal health and well-being. As local authorities are responsible for improving the population's public health, they have a key role to play in supporting and commissioning prevention services which contribute to the social prescribing service offer. The Council's Public Health department have a five-year contract with CHCP until June 2024 to deliver a range of Wellbeing Services, which are available to support social prescribing referrals.

The purpose of the audit was to provide assurance that the CHCP contract that included Social Prescribing was monitored and managed, there was an adequate governance structure in place and that KPIs were in place to monitor performance. The audit identified that KPIs needed to be developed further and there needed to be a consistent approach applied to performance monitoring. The recommendations were agreed with management to address the control issues. There will be a follow up to ensure recommendations have been implemented by the agreed dates.

## THREE LINES MODEL – ST HELENS BOROUGH COUNCIL



## What we said we would do in 2022/23

Area for Development	Owner	Progress
<b>To review the Council's decision-making systems: Delegated Executive Decision (DEDs) and Operational Decision systems.</b>	Director of Legal & Governance	Completed.  A new single electronic system combining the recording of DEDs (following consultation with portfolio holders and professional officers) and Operational Decisions was designed internally, piloted and implemented in September 2022. The system enables robust and comprehensive recording, reporting and accountability.
<b>To embed the Governance Group as an effective internal officer group.</b>	Director of Legal & Governance	Completed.  An internal Governance Group was established in June 2021. The membership of the Group includes all Directors across the Council. The Group meets quarterly and is helping to improve and strengthen the Council's governance arrangements by cascading governance issues and awareness across directorates and departments.
<b>Appoint an independent member to the Audit &amp; Governance Committee to strengthen the role of the committee.</b>	Director of Legal & Governance	Completed.  Following an unsuccessful recruitment process in December 2020, a second recruitment took place in August 2022 and an independent member appointed to the committee in September 2022 in accordance with the improvement recommendation in the external auditor's report 2021/22.
<b>To amend the Recruitment and Selection Policy to reflect any changes from the Council's Cultural Review.</b>	Director of Policy & Transformation	Completed.  The Recruitment Policy has been reviewed in line with the new Ways of Working. Each policy now has a common format which includes more permissive language plus a 'What you can expect' and 'What we expect' paragraphs.
<b>To review the Induction Programme.</b>	Director of Policy & Transformation	Completed.

Area for Development	Owner	Progress
<b>To update management training and development plans.</b>		<p>Induction for both staff and newly elected Members were reviewed and updated to reflect the Council's new ways of working. The associated e-learning modules are now in place to support the process.</p> <p>An organisational training and development plan has been produced collated using input from the service planning process and appraisals.</p>
<b>To ensure that annual appraisals and reviews are completed by managers and effective monitoring of the process. To monitor and act on compliance against review and update of service plan options and individual appraisals through the quarterly Performance Management Dashboard.</b>	Director of Policy & Transformation	<p>Completed.</p> <p>A new online system for 'My Conversations' to schedule appraisal meetings, time to reflect and plan, with appraisal toolkits have been created to support managers when completing appraisals. Progress is being monitored for completion. The e-learning system now includes appraisal functionality to allow full reporting and dashboard capability for managers to monitor progress within their teams/services.</p>
<b>To review the Comprehensive Equality Policy</b>	Director of Policy & Transformation	<p>Completed.</p> <p>A new Equality, Diversity &amp; Inclusion Policy was approved by Cabinet in March 2023.</p>
<b>To monitor delivery of separate detailed action plan for Ofsted improvements and governance arrangements.</b>	Director of Children's Services	<p>In Sept 2019, an Ofsted report identified several weaknesses within Children's Social Care and graded St Helens inadequate with two of the four judgements. This resulted in a Children's Improvement Board (CIB) and Plan. The CIB is led by representatives of the Department for Education, Intervention Unit and independently chaired by a representative of the Department for Education. CIB has overseen progress in children's services against six priority areas in a new improvement plan agreed by the CIB. A significant increase in funding was included in the Children and Young People's Services base budget for the financial year 2022/23 in recognition of the investment required to achieve the necessary service improvements. Since the inspection, the Council has had focussed visits from Ofsted which have provided some</p>



Area for Development	Owner	Progress
		assurance of improvements made and highlighted areas for further development as outlined in the Council's own self-evaluation.

### Key areas of risk and governance for 2023-2024

The Council has continued to monitor its strategic risks throughout the year and the strategic risk register has been reviewed and updated to ensure that it has captured those areas most likely to have a damaging impact on the Council's priorities. Having analysed the strategic risk register, the areas outlined in the table below have been identified as having the broadest impact on the Authority and its success at delivering its vision and priorities as outlined in Our Borough Strategy.

Please note that for each of the areas below, there is a detailed risk profile that includes more information regarding the specific actions to be taken including action owners and target dates. The information included in the 'Comments or Summary of Action Required' is therefore an overview of the action to be taken.

Key Area of Risk or Governance	Owner	Comments or Summary of Action Required
<p><b>Budget Restrictions and Management of Pressures</b></p> <p>The Council continues to face a challenging financial position as a result of the ongoing impact of the Pandemic, increasing demand for services and the underlying economic conditions which have led to 40-year high levels of inflation. During the year, the Medium-Term Financial Strategy 2023-26 was approved and provides an overarching framework for how future decisions on resource allocation and budgeting will be made.</p> <p>The key financial pressures will be the demand for social care, inflationary pressures on pay, prices and energy, the local economic recovery from the pandemic, the costs involved in driving forward</p>	Executive Director of Corporate Services	<p>£15.2m of savings have been identified and approved for 2023-2026 at full Council in March 2023, with £10.7m identified for delivery in 2023-2024. A Budget Savings Delivery Board has been set up to monitor delivery of budget savings within each Department.</p> <p>The budget setting process, including identification and approval of further savings to address the remaining budget gap for 2024/25, is currently being finalised. The process will review the projected budget gap for 2024/25 of £6.5m, building in updated planning assumptions based upon the latest available data and refining estimates regarding Government funding, to inform decision making.</p>


Key Area of Risk or Governance	Owner	Comments or Summary of Action Required
<p><b>strategic improvements and reductions in income sources.</b></p> <p><b>Safeguarding Children – Strategic risk reference SR03</b></p> <p>Progress has been made in relation to the Children's Improvement Plan. The Plan, containing six priority areas considered to be the most significant, is monitored by the Children's Improvement Board and by Children and Young People's Services Scrutiny Committee. Whilst Ofsted monitoring visits during 2022/23 have recognised the substantial investment in children's services and have commented on the revised Improvement Plan as providing an effective monitoring tool, this will always remain a key area of focus.</p>	Director of Children's Services	<p>The Council has refreshed and revised the Improvement Plan based on Ofsted Monitoring Visits in November 2021, March and July 2022. A new DfE advisor has been appointed and a new Independent Chair of the Improvement Board. Additional external capacity has been commissioned to lead an internal improvement team.</p> <p>The Improvement Board, Executive Leadership Team, Cabinet members and Overview and Scrutiny Committee will continue to progress and deliver the Council's Children's Improvement Plan.</p> <p>Work with partners to reduce the demand at the front door and strengthen the early help offer to respond to and reduce the escalation of concerns is ongoing.</p> <p>The outcome of the Ofsted ILAC inspection expected in 2023 will be an important milestone.</p>
<p><b>Cyber Attack – Strategic risk reference SR05</b></p> <p>The impact of a cyber-attack on the Council's systems could have a fundamental impact upon the Council's ability to deliver its services especially as the new ways of working place increasing reliance on digital technology and the availability of IT systems. Such attacks have affected other local authorities, causing significant financial and operational disruption.</p> <p>The Council is alert to these threats and its IT arrangements are subject to numerous external assessments to confirm the adequacy of controls. Cyber resilience will remain an area for vigilance</p>	Director of Policy & Transformation	<p>The Council's ICT &amp; Digital service continues to be assessed against the industry recognised accreditation it holds including ISO27001:2013 Information Security Management System (continued compliance), ISO20000 2011:2018 IT Service Management System (continued compliance), Data Security Protection Toolkit NHS Digital (compliance).</p> <p>The service has continued to implement the cyber risk controls produced by the external assessor, who were commissioned by the DLUHC, as part of the cyber treatment funding the Council were awarded in 2022. The majority of the 'high' and 'medium' categorised items identified within the CTP (Cyber Treatment Plan) have now been addressed. Only one outstanding action remains which is the onboarding of SIEM (Security Incident and Event Management) solution. A tender evaluation has been completed and progress is being made to award to the winning bidder.</p>

Key Area of Risk or Governance	Owner	Comments or Summary of Action Required
and further action where proportionate and cost effective.		
<p><b>Transition of CCG to Integrated Care System at Cheshire and Merseyside</b></p> <p>Lack of certainty over the outcome of the transition in terms of delegated autonomy and finance could affect the realisation of the Council's priorities. There is an additional risk that the uncertainty could lead to a loss of critical skills and experience.</p>	Executive Director Integrated Health and Care	The go live date for the ICB was planned to be the 1 <sup>st</sup> April 2022 but was moved back to the 1 <sup>st</sup> July 2022 by government. The Executive Director for Integrated Health and Social Care is the Cheshire and Merseyside NHS Place Lead for St Helens. St Helens has already established its Place Based Partnership and has a Memorandum of Understanding signed by all partners and has established a governance framework including a Partnership Board that reports directly to the People's Board. The revised Section 75 Agreement which was approved by Cabinet in April 2023 is for 2 years.
<p><b>Regeneration Delivery</b></p> <p>There are several key issues that could affect the delivery of the Council's regeneration programmes and projects; they include: funding and increasing cost pressures, human resource allocation within the regeneration and growth team, economic recovery, land ownership, the regional/local strategic context and planning decisions. If such issues are not managed and resolved, there is an increased risk that the planned regeneration will not be delivered which will affect the Borough's economy and jobs market and the Council's income and reputation.</p>	Executive Director of Place	<p>A new Growth Delivering Prosperity Team (GDP) was approved by Cabinet in October 2021 and is in place to provide oversight and project management capacity to the delivery of the growth and regeneration projects. The partnership with ECF has been reviewed and updated and the planning permission for phase 1 of the Town centre regeneration plans has been approved. Funding bids to Levelling up Fund and Town Deal business cases have been approved and signed off by government.</p> <p>Adoption of the Local Plan on 12 July 2022 will directly assist the regeneration and growth of the borough through site allocations and policies. The emerging Phase 3 review in the Planning Service will also further support mitigation of the planning risks.</p> <p>The ongoing Property Services Transformation will, in accordance with its agreed programme timescales, reduce that risk element relating to land ownership by assisting with acquisitions and transactions in support of regeneration and growth. In September 2022, the Audit &amp; Governance Committee received an update on the Property Services Transformation Programme and the Estates Management audit report.</p> <p>The emerging Inclusive Growth Strategy will help mitigate the risk to regeneration and growth related to the economic recovery once it is adopted and progress made on in its implementation plan.</p>

# STATEMENT OF ASSURANCE

We are satisfied that this Annual Governance Statement provides an accurate assessment of our governance structure during the year and identifies the significant issues facing the authority in the coming year. A commitment is made for those areas identified for improvement to be progressed within the timeframes stated.

## Leader of the Council

Signed:  \_\_\_\_\_

Date: 31.07.2023

Name (print): Councillor David Baines

## Chief Executive

Signed:  \_\_\_\_\_

Date: 31.07.2023

Name (print): Kath O'Dwyer







## 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 reserves. The Statement shows how the movements in year are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts statutorily chargeable against Council Tax for the year.

		General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Notes		7	8	9		6	
	<b>Balance at 31 March 2021 Carried Forward</b>	<b>95,581</b>	<b>23,466</b>	<b>11,297</b>	<b>130,344</b>	<b>(44,766)</b>	<b>85,578</b>
	<b>Movement in Reserves during 2021-2022</b>						
<b>CIES</b>	Total Comprehensive Income and Expenditure	(22,997)	-	-	(22,997)	90,512	67,515
<b>5</b>	Adjustments between accounting basis and funding basis under Regulations	21,603	(2,650)	1,001	19,954	(19,954)	-
	<b>Net Increase/(Decrease)</b>	<b>(1,394)</b>	<b>(2,650)</b>	<b>1,001</b>	<b>(3,043)</b>	<b>70,558</b>	<b>67,515</b>
	<b>Balance at 31 March 2022 Carried Forward</b>	<b>94,187</b>	<b>20,816</b>	<b>12,298</b>	<b>127,301</b>	<b>25,792</b>	<b>153,093</b>
	<b>Movement in Reserves during 2022-2023</b>						
<b>CIES</b>	Total Comprehensive Income and Expenditure	(23,932)	-	-	(23,932)	335,013	311,081
<b>5</b>	Adjustments between accounting basis and funding basis under Regulations	7,868	(1,713)	(1,056)	5,099	(5,099)	-
	<b>Net Increase/(Decrease)</b>	<b>(16,064)</b>	<b>(1,713)</b>	<b>(1,056)</b>	<b>(18,833)</b>	<b>329,914</b>	<b>311,081</b>
	<b>Balance at 31 March 2023 Carried Forward</b>	<b>78,123</b>	<b>19,103</b>	<b>11,242</b>	<b>108,468</b>	<b>355,706</b>	<b>464,174</b>

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

Notes	2021-2022 Restated				2022-2023		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
	323,034	(229,105)	93,929	People's Services Directorate	340,706	(226,231)	114,475
	85,688	(29,597)	56,091	Place Services Directorate	90,900	(33,028)	57,872
	74,741	(53,091)	21,650	Corporate Services Directorate	73,098	(48,845)	24,253
<b>15,16</b>	<b>483,463</b>	<b>(311,793)</b>	<b>171,670</b>	<b>Cost of Services</b>	<b>504,704</b>	<b>(308,104)</b>	<b>196,600</b>
<b>12</b>			29,957	Other Operating Expenditure			23,612
<b>13</b>			8,441	Financing and Investment Income and Expenditure			8,012
<b>14</b>			(187,071)	Taxation and Non-Specific Grant Income			(204,292)
<b>15</b>			<b>22,997</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>23,932</b>
			(22,815)	(Surplus) or Deficit on Revaluation of Non-current Assets			(21,962)
<b>6d</b>			(67,697)	Remeasurement (Gains)/Losses on Pension Assets/Liabilities			(313,051)
			<b>(90,512)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(335,013)</b>
			<b>(67,515)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(311,081)</b>

This Statement was prepared on the basis of the Council's directorate structure per the reporting requirements contained in *The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23*

## BALANCE SHEET

The Balance Sheet shows the value, as at the Balance Sheet date, of the assets and liabilities recognised by the Authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves is usable reserves i.e. those reserves that the authority may use to provide services subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the authority is not able to use to provide services (unusable reserves). Unusable reserves include:

- reserves that hold unrealised gains and losses, particularly in relation to the revaluation of Property, Plant and Equipment.
- adjustment accounts that absorb the difference between proper accounting practices and the requirements of statutory arrangements for funding expenditure.

Notes	31 March 2022 £000		31 March 2023 £000
<b>25</b>	494,823	Property, Plant and Equipment	541,233
<b>27</b>	3,283	Heritage Assets	3,283
<b>28</b>	13,777	Investment Property	15,215
<b>29</b>	40	Intangible Assets	17
<b>30</b>	1,526	Long-term Investments	1,525
<b>31</b>	13,578	Long-term Debtors	14,684
<b>11</b>	-	Pensions Asset	60
	<b>527,027</b>	<b>Long-term Assets</b>	<b>576,017</b>
<b>30</b>	112,174	Short-term Investments	116,894
<b>33</b>	2,463	Assets held for Sale	9
<b>34</b>	39,195	Short-term Debtors	58,767
	804	Inventories	968
<b>39</b>	42,099	Cash and Cash Equivalents	12,041
	<b>196,735</b>	<b>Current Assets</b>	<b>188,679</b>
<b>35</b>	(4,435)	Short-term Borrowing	(1,323)
<b>36</b>	(73,811)	Short-term Creditors	(65,460)
<b>17</b>	(3,493)	Capital Grants Receipts in Advance	(14,041)
<b>17</b>	(10,559)	Revenue Grants Receipts in Advance	(6,613)
<b>37</b>	(12,770)	Provisions	(12,992)
<b>39</b>	(4,517)	Cash and Cash Equivalents - Bank Overdrafts	(3,728)
	<b>(109,585)</b>	<b>Current Liabilities</b>	<b>(104,157)</b>
<b>11</b>	(286,997)	Pensions Liability	(13,833)
<b>17</b>	-	Capital Grants Receipts in Advance	(1,629)
<b>17</b>	(6,912)	Revenue Grants Receipts in Advance	(7,846)
<b>35</b>	(137,521)	Long-term Borrowing	(137,509)
<b>37</b>	(3,547)	Provisions	(3,438)
<b>38</b>	(26,107)	Other Long-term Liabilities	(32,110)
	<b>(461,084)</b>	<b>Long-term Liabilities</b>	<b>(196,365)</b>
	<b>153,093</b>	<b>Net Assets</b>	<b>464,174</b>

		<b>Financed by:</b>	
<b>MIRS</b>	127,301	Usable Reserves	108,468
<b>6</b>	25,792	Unusable Reserves	355,706
	<b>153,093</b>	<b>Total Reserves</b>	<b>464,174</b>

In preparing this Statement, events up to 15<sup>th</sup> December 2023 have been considered. This is the date when the Director of Finance authorised the Statement for issue.

## CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period.

Notes	2021-2022 £000		2022-2023 £000
<b>CIES</b>	(22,997)	Net Surplus or (Deficit) on the Provision of Services	(23,932)
<b>42</b>	59,943	Adjustments to Net Surplus or Deficit on the Provision of Services for Non-Cash Movements	48,081
<b>43</b>	(13,711)	Adjustments for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	(31,574)
<b>44</b>	<b>23,235</b>	<b>Net Cash Flows from Operating Activities</b>	<b>(7,425)</b>
<b>45</b>	(28,002)	Investing Activities	(17,616)
<b>46</b>	18,575	Financing Activities	(4,228)
	<b>13,808</b>	<b>Net Increase or (Decrease) on Cash and Cash Equivalents</b>	<b>(29,269)</b>
	23,774	Cash and Cash Equivalents at the start of the Reporting Period	37,582
<b>39(d)</b>	<b>37,582</b>	<b>Cash and Cash Equivalents (including bank overdrafts) at the end of the Reporting Period</b>	<b>8,313</b>



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## NOTE A – EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, Council Tax, Non-Domestic Rates and other income) by the Authority in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision-making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

	2022-2023				
	As Reported for Management Accounts Outturn	Adjustments to arrive at the net chargeable to the General Fund*	Net Expenditure chargeable to the General Fund	Adjustments between the Funding and Accounting Basis*	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000	£000	£000	£000	£000
People's Services Directorate	125,749	(27,968)	97,781	16,694	114,475
Place Services Directorate	45,442	(7,325)	38,117	19,755	57,872
Corporate Services Directorate	6,397	14,445	20,842	3,411	24,253
<b>Net Cost of Services</b>	<b>177,588</b>	<b>(20,848)</b>	<b>156,740</b>	<b>39,860</b>	<b>196,600</b>
Other Income and Expenditure	(173,083)	32,407	(140,676)	(31,992)	(172,668)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>4,505</b>	<b>11,559</b>	<b>16,064</b>	<b>7,868</b>	<b>23,932</b>

Opening General Fund Reserves at 1 April		(94,187)	
(Surplus) or Deficit on General Fund in Year		16,064	
Closing General Fund Reserves at 31 March		(78,123)	

\* See accompanying Note B for further detail relating to these adjustments.

Details of the council's expenditure and income analysed by nature is provided in Note 15.

	2021-2022 Restated				
	As Reported for Management Accounts Outturn	Adjustments to arrive at the net chargeable to the General Fund*	Net Expenditure chargeable to the General Fund	Adjustments between the Funding and Accounting Basis*	Net Expenditure In the Comprehensive Income and Expenditure Statement
	£000	£000	£000	£000	£000
People's Services Directorate	105,020	(26,037)	78,983	14,946	93,929
Place Services Directorate	40,733	(6,778)	33,955	22,136	56,091
Corporate Services Directorate	5,195	12,605	17,800	3,850	21,650
<b>Net Cost of Services</b>	<b>150,948</b>	<b>(20,210)</b>	<b>130,738</b>	<b>40,932</b>	<b>171,670</b>
Other Income and Expenditure	(152,812)	23,468	(129,344)	(19,329)	(148,673)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>(1,864)</b>	<b>3,258</b>	<b>1,394</b>	<b>21,603</b>	<b>22,997</b>

Opening General Fund Reserves at 1 April		(95,581)	
(Surplus) or Deficit on General Fund in Year		1,394	
Closing General Fund Reserves at 31 March		(94,187)	

\* See accompanying Note B for further detail relating to these adjustments.

Details of the Council's expenditure and income analysed by nature is provided in Note 15.



## NOTE B - NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts:

2021-2022 Restated					2022-2023			
Adjustments for Capital Purposes (i) £000	Net Change for Pensions Adjustments (ii) £000	Other Differences (iii) £000	Total Adjustments £000		Adjustments for Capital Purposes (i) £000	Net Change for Pensions Adjustments (ii) £000	Other Differences (iii) £000	Total Adjustments £000
3,358	11,320	268	14,946	People's Services Directorate	4,091	12,973	(370)	16,694
17,176	5,122	(162)	22,136	Place Services Directorate	13,467	6,477	(189)	19,755
895	2,950	5	3,850	Corporate Services Directorate	784	2,813	(186)	3,411
<b>21,429</b>	<b>19,392</b>	<b>111</b>	<b>40,932</b>	<b>Net Cost of Services</b>	<b>18,342</b>	<b>22,263</b>	<b>(745)</b>	<b>39,860</b>
(8,380)	7,058	(18,007)	(19,329)	Other Income and Expenditure	(32,483)	8,414	(7,923)	(31,992)
<b>13,049</b>	<b>26,450</b>	<b>(17,896)</b>	<b>21,603</b>	<b>Difference between General Fund Surplus and Comprehensive Income and Expenditure Statement Deficit on the Provision of Services</b>	<b>(14,141)</b>	<b>30,677</b>	<b>(8,668)</b>	<b>7,868</b>

This analysis provides further detail of those items that are chargeable to the General Fund but not chargeable to the Comprehensive Income and Expenditure Statement and vice versa (such as depreciation and the current service cost in relation to pensions) and the removal of transactions which are only chargeable under statutory provisions (such as charges to services for the financing of capital investment).

These adjustments will include a number of those included in the Adjustments between Accounting Basis and Funding Basis in the Movement in Reserves Statement, which are further explained in Note 5.

### **(i) Adjustments for Capital Purposes**

In the service line, this adds in depreciation, impairment and revaluation gains and losses.

For other income and expenditure, this includes adjustments for:

- capital disposals, with a transfer of income on disposal of assets and the amounts written off for those assets.
- the statutory charges for capital financing, i.e., Minimum Revenue Provision and other revenue contributions, as these are not chargeable under generally accepted accounting practices.
- capital grants are adjusted for as income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivables without conditions, or for which conditions were satisfied throughout the year.

### **(ii) Net Change for Pension Adjustments**

Net changes for the removal of pension contributions and the addition of the IAS 19 Employee Benefits pension-related expenditure and income are reflected as follows:

- In the service line, this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- For other income and expenditure, this represents the net interest on the defined benefit liability charged to the Comprehensive Income and Expenditure Statement.

### **(iii) Other Differences**

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

In the service line, this includes adjustments involving the Accumulating Compensated Absence Adjustment Account and the Dedicated Schools Grant Adjustment Account.

For other income and expenditure, this includes:

- adjustments to the General Fund for the timing differences for premiums and discounts;
- the difference between what is chargeable under statutory regulations for Council Tax and Business Rates which was projected to be received at the start of the year, and the income recognised under generally accepted accounting practices in the Code. This is a timing difference, as any difference is brought forward in the surpluses or deficits on the Collection Fund.

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement:

	2022-2023				
	Adjustments relating to Internal Recharges	Adjustments relating to Capital Items	Adjustments relating to Transfers to / from Reserves	Adjustments relating to Other Income and Expenditure	Total Adjustments to arrive at the Net Amount chargeable to the General Fund
	£000	£000	£000	£000	£000
People's Services Directorate	(22,172)	(4,248)	(2,074)	526	(27,968)
Place Services Directorate	6,699	(14,249)	-	225	(7,325)
Corporate Services Directorate	15,473	(785)	-	(243)	14,445
<b>Net Cost of Services</b>	<b>-</b>	<b>(19,282)</b>	<b>(2,074)</b>	<b>508</b>	<b>(20,848)</b>
General Fund Financing	-	-	13,633	-	13,633
Other Operating Expenditure	-	19,282	-	180	19,462
Financing and Investment Income and Expenditure	-	-	-	(688)	(688)
Taxation and Non-Specific Grant Income	-	-	-	-	-
<b>Other Income and Expenditure</b>	<b>-</b>	<b>19,282</b>	<b>13,633</b>	<b>(508)</b>	<b>32,407</b>
<b>Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit</b>	<b>-</b>	<b>-</b>	<b>11,559</b>	<b>-</b>	<b>11,559</b>

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement:

	2021-2022 Restated					
	Adjustments relating to Internal Recharges	Adjustments relating to COVID Grants	Adjustments relating to Capital Items	Adjustments relating to Transfers to / from Reserves	Adjustments relating to Other Income and Expenditure	Total Adjustments to arrive at the Net Amount chargeable to the General Fund
	£000	£000	£000	£000	£000	£000
People's Services Directorate	(21,522)	1,927	(3,436)	-	(3,006)	(26,037)
Place Services Directorate	8,161	2,656	(17,519)	-	(76)	(6,778)
Corporate Services Directorate	13,566	138	(895)	-	(204)	12,605
<b>Net Cost of Services</b>	<b>205</b>	<b>4,721</b>	<b>(21,850)</b>	<b>-</b>	<b>(3,286)</b>	<b>(20,210)</b>
General Fund Financing	-	-	-	3,258	-	3,258
Other Operating Expenditure	(205)	-	21,850	-	4,076	25,721
Financing and Investment Income and Expenditure	-	-	-	-	(790)	(790)
Taxation and Non-Specific Grant Income	-	(4,721)	-	-	-	(4,721)
<b>Other Income and Expenditure</b>	<b>(205)</b>	<b>(4,721)</b>	<b>21,850</b>	<b>3,258</b>	<b>3,286</b>	<b>23,468</b>
<b>Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Fund Surplus or Deficit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,258</b>	<b>-</b>	<b>3,258</b>



# OTHER NOTES TO THE CORE FINANCIAL STATEMENTS

## 1. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The *CIPFA Code of Practice on Local Authority Accounting* (the Code) requires disclosure of information related to the anticipated impact of changes in accounting standards that have been issued, but not yet adopted by the Code for the relevant financial year. The standards that have changed are listed below. It is considered that if these standards had been adopted for the financial year 2022-2023, they would not have had any significant impact on the Financial Statements as presented.

- IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors)  
Definition of Accounting Estimates
- IAS 1 (Presentation of Financial Statements)  
Disclosure of Accounting Policies
- IAS12 (Income Taxes)  
Amendments to deferred tax related to Assets and Liabilities arising from a single transaction
- IFRS3 (Business Combinations)  
Updating a reference to the Conceptual Framework

*IFRS 16 (Leases)* has been introduced by the 2022/23 Code, but only for authorities who have decided to adopt the standard in 2022-2023. The mandatory date of introduction for all authorities will be from 1 April 2024.

## 2. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES, ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

In applying its accounting policies, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The Statement of Accounts contains some estimated figures that are based on assumptions made by the Authority about the future, or that are otherwise uncertain. Estimates are made, taking into account historical experience, current trends and other relevant factors.

However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Balance Sheet, where there is a risk of material adjustment in the forthcoming financial year, are detailed in this note, alongside commentary around the future assumptions and major sources of uncertainty.

## CRITICAL JUDGEMENT

### COVID-19 and Funding

The pandemic has been the most challenging emergency that the Council has ever faced. Covid-19 has had far-reaching effects on the economy and communities within the Borough. It has brought many financial challenges and has had a significant impact on the way Council services are delivered. This impact continues to be felt.

Since the outbreak of the pandemic, Covid-19-related pressures have been considerable, with significant additional costs and income losses. In financial planning terms, the degree of estimation and uncertainty that this introduced has been unparalleled.

It still remains uncertain how the aftershocks of the pandemic will continue to impact the Borough's residents, businesses and employers. The ongoing impact on the Council's financial position is also difficult to quantify, particularly in terms of the wider economy, customer behaviour and demand for services.

The Local Government Finance Settlement for 2022-2023 did not include any specific funding for legacy Covid-19 and associated pressures, and this is also the case for 2023-2024.

It was anticipated that the Council would receive a two-year settlement for 2023-2024 and 2024-

2025 but, in fact, was granted only a single year settlement for 2023-2024. This has meant that the Council is having to plan beyond 2023-2024 with less certainty than would otherwise have been the case.

In December 2022 the government confirmed that the fair funding review and the reset of business rates retention will not take place for at least two years, meaning that the introduction of a new funding regime will not now take place until at least 2026-2027.

This level of uncertainty brings inherent risks for the Council, for which a number of existing measures are in place to ensure its financial resilience. For example:

- Ensuring sufficient reserves are held, underpinned by an annual review of earmarked reserves as part of the budget setting process
- Risk assessing the general reserve to identify the minimum level of reserves required within the annual budget report
- Ensuring an early indication of budget pressures through budget monitoring and reporting arrangements with actions necessary to manage or address such pressures
- Continuing to focus on achieving value for money through transformation and efficient procurement

Across the local government sector, inflation has also been identified as a key risk and the impact on budgets in 2022-2023 has been significant with inflation peaking at a 40 year high of 11.1% in October 2022. Enhanced levels of inflation are continuing into 2023-2024, with the latest Bank of England forecasts that inflation will remain over 5% during the year and that it will be early 2025 before its 2% target is reached.

Having regard to these matters, working through its Corporate Leadership Team, elected members and partners, the Council will need to constantly assess its financial position and plans during the course of 2023-2024 and beyond, reviewing its annual and longer-term budget assumptions, and identify options for managing budget pressures.

The Council's Medium-Term Financial Strategy, covering the period 2023-2026, considered the

forecast budget gap over that period and the strategy to balance the budget over the medium term. A Funding Reform Volatility Reserve has been established to provide resilience to the Council from the uncertainties in future changes in Government funding, pension liabilities and the volatility of Business Rates income (which is exacerbated by the impact of the pandemic) - and to allow better opportunity to smooth out resources during any transition periods.

The Strategy also set out the Council's ambition to rebuild its level of reserves over future years, including setting a higher level of General Fund Reserves in order to provide short-term emergency funds for exceptional circumstances and to cover risks that could impact the Council as a going concern.

Levels of uncertainty are unprecedented. However, it is considered at this stage that this uncertainty does not present a significant risk to the Council's ability to operate as a going concern.

### **Schools**

In determining the accounting treatment to be applied to the various types of school within the Borough, the Council has had due regard to the application of *IFRS 10*, which means that for the purposes of the accounts, maintained schools (all schools excluding academies and free schools) are treated as entities for the purpose of assessing control. This assessment has indicated that the balance of control of these entities lies with the Local Authority and that, therefore, the income and expenditure, assets and liabilities and reserves of these schools are recognised within the single entity accounts of the Local Authority.

In respect of the recognition of schools' land and buildings and equipment assets, these should be recognised in accordance with the asset recognition tests relevant to the arrangements that prevail for that type of property. To this end, the Council recognises schools' land and buildings on its Balance Sheet. Where it has direct ownership of the assets, there is formal agreement, or evidence, that the rights of ownership have been transferred, or that these are no longer substantive.

The Council has undertaken an assessment of the different types of maintained schools within

the Borough to determine the arrangements in place and the appropriate accounting treatment to be applied to the schools' land and buildings. The assessment has been based on a composition of information obtained in respect of legal title and information provided by the relevant dioceses. Based on this assessment, a judgement has been formed on each of the schools and a conclusion reached that only those land and building assets in respect of community schools should be included on the Council's Balance Sheet. For all of the voluntary controlled and aided schools within the Borough, legal title for the schools rests with the relevant diocese and in all instances no formal agreements exist between the school and the diocese which would indicate a transfer of rights and obligations. As such, all schools are occupied under a 'mere licence' and therefore it is judged that the land and building should not be included on the Council's Balance Sheet.

### Joint Arrangements

- The Council entered into an arrangement with Langtree Property Partners in 2013-2014 to regenerate the former Parkside Colliery site. A limited liability partnership was established as the vehicle through which the site would be acquired, developed and the necessary planning permissions obtained to allow the site to be used for business, thus providing a significant contribution to the Council's aim of economic development and job creation.

This arrangement has been assessed under the relevant accounting standards to determine how this should be accounted for within the Council's accounts. Based on this assessment it has been determined that this arrangement falls to be classified as a joint venture which would ordinarily necessitate the completion of group accounting statements. Having reviewed the companies' financial statements, it has been determined that, on the grounds of materiality, group accounting statements are not required for 2022-2023. To this end, the Council's interest in the company continues to be reflected within the Council's single entity accounts as a long-term investment (see Note 30). Further detail about the Council's interest

in the Joint Venture is included in Note 22.

- The Council is party to a Section 75 Arrangement with the NHS Cheshire & Merseyside Integrated Care Board (ICB), covering both a pooled budget in respect of Continuing Health Care assessments and a pooled budget covering the Better Care Fund (formerly St Helens Clinical Commissioning Group until 30 June 2022). The arrangement has been assessed under the relevant accounting standards and it has been determined that it falls to be classified as a joint operation, which requires that the Council account for the assets and liabilities it controls on its Balance Sheet, together with its elements of income and expenditure within the Comprehensive Income and Expenditure Statement.

## ASSUMPTIONS AND ESTIMATION UNCERTAINTY

### Pensions Liability

The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discounts 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. Further detail on the assumptions used is provided in Note 11 to the Core Financial Statements.

### Valuations of PPE and Investment Properties

Where the fair value measurement of assets cannot be measured using Level 1 inputs, the fair value is calculated by the relevant experts using valuation techniques based on observable data, but, where this is not possible, judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk, and changes in these assumptions could affect the fair values of the Authorities investment properties.

There are a number of uncertainties that currently impact on real estate and construction markets, including the continued impact of Covid-19, the UK leaving the EU and the Russian invasion of Ukraine and subsequent sanctions. Nevertheless, the external valuers state that at the valuation date there is an adequate quantum of property market evidence existing upon which to base opinions of value without having to report those valuations as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

The valuation of the Council's land and building based assets, which are valued at current cost, is £303.920m (see Note 25). For every 1% increase or decrease in the carrying amount, the impact on the balance sheet would be +/- £3.039m. The Council's investment portfolio is valued at fair value and is held on the balance sheet at £15.215m (see Note 28). Any change in the fair value measurement of +/- 1% will result in a movement on the balance sheet of +/- £0.152m.

## 3. CHANGES IN ACCOUNTING POLICY IN RELATION TO THE 2021-2022 STATEMENT OF ACCOUNTS

When compared to 2021-2022, there have been no changes in accounting policy applied in the production of these financial statements.

However, the appointment of the new Director of Children's Services in July 2022 resulted in a change in reporting lines, with the Director now reporting to the Executive Director of People's Services. This has meant that amounts included in the Comprehensive Income & Expenditure Statement, the Expenditure Funding Analysis and Note 15 relating to Integrated Social Care & Health and Children's Services are now consolidated under People's Services Directorate. Figures for 2021-2022 have been restated for comparison.

## 4. EVENTS AFTER THE REPORTING DATE

The Statement of Accounts was authorised for issue by the Interim Director of Finance on 30 June 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 31 March 2023, the figures in the financial statements and commentary provided in the notes have been prepared in all material respects to reflect the impact of this information. There are no non-adjusting events after the Balance Sheet date.

## 5. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

The following tables provide details of those adjustments.

2022-2023	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
<b>Adjustments involving the Capital Adjustment Account (Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement)</b>				
Charges for Depreciation and Impairment of Non-Current Assets	14,666	-	-	(14,666)
Revaluation losses on Property, Plant and Equipment	3,641	-	-	(3,641)
Movements in the fair value of Investment Properties	(1,153)	-	-	1,153
Amortisation of Intangible Assets	35	-	-	(35)
Capital Grants and Contributions applied credited to the Comprehensive Income and Expenditure Statement	(28,139)	-	-	28,139
Revenue expenditure funded from capital under Statute	5,324	-	-	(5,324)
Amounts of non-current assets and non-current assets held for sale written off on disposal, sale or derecognition as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,812	-	-	(2,812)
<b>Adjustments involving the Capital Adjustment Account (Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement)</b>				
Provision for the repayment of debt	(3,471)	-	-	3,471
Capital expenditure charged against the General Fund balance	(940)	-	-	940
<b>Adjustments primarily involving the Capital Grants Unapplied Account</b>				
Capital Grants and Contributions unapplied credited/debited to the Comprehensive Income and Expenditure Statement	(6,048)	-	6,048	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	(7,104)	7,104
<b>Adjustments involving the Capital Receipts Reserve</b>				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,023)	2,023	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	(3,917)	-	3,917
Amount of Deferred Capital Receipts and Long-term Debtors received	-	181	-	(181)



2022-2023	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
<b>Adjustments involving the Financial Instruments Adjustment Account</b> Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(61)	-	-	61
<b>Adjustments involving the Pensions Reserve</b> Amount by which pension costs calculated in accordance with the Code are different from contributions due under the pension scheme regulations	30,677	-	-	(30,677)
<b>Adjustments involving the Collection Fund Adjustment Account</b> Amount by which Council Tax income and Non-Domestic Rates credited to the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulations	(6,708)	-	-	6,708
<b>Adjustments involving the Accumulating Compensated Absence Adjustment Account</b> Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(744)	-	-	744
<b>Adjustments involving the Dedicated Schools Grant Adjustment Account</b> Transfer of Dedicated Schools Grant (DSG) overspend to the DSG Adjustment Account in the year in accordance with statutory requirements	-	-	-	-
<b>Total Adjustments 2022-2023</b>	<b>7,868</b>	<b>(1,713)</b>	<b>(1,056)</b>	<b>(5,099)</b>

2021-2022	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
<b>Adjustments involving the Capital Adjustment Account (Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement)</b>				
Charges for Depreciation and Impairment of Non-Current Assets	14,115	-	-	(14,115)
Revaluation losses on Property, Plant and Equipment	7,194	-	-	(7,194)
Movements in the fair value of Investment Properties	(1,827)	-	-	1,827
Amortisation of Intangible Assets	99	-	-	(99)
Capital Grants and Contributions applied credited to the Comprehensive Income and Expenditure Statement	(10,738)	-	-	10,738
Revenue expenditure funded from capital under Statute	3,831	-	-	(3,831)
Amounts of non-current assets and non-current assets held for sale written off on disposal, sale or derecognition as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	8,140	-	-	(8,140)
Other items debited or credited to the Comprehensive Income and Expenditure Statement	21	-	-	(21)
<b>Adjustments involving the Capital Adjustment Account (Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement)</b>				
Provision for the repayment of debt	(3,178)	-	-	3,178
Capital expenditure charged against the General Fund balance	(421)	-	-	421
<b>Adjustments primarily involving the Capital Grants Unapplied Account</b>				
Capital Grants and Contributions unapplied credited/debited to the Comprehensive Income and Expenditure Statement	(5,915)	-	5,915	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	(4,914)	4,914
<b>Adjustments involving the Capital Receipts Reserve</b>				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(99)	99	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	(2,888)	-	2,888
Amount of Deferred Capital Receipts and Long-term Debtors received	-	139	-	(139)

2021-2022	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
<b>Adjustments involving the Financial Instruments Adjustment Account</b> Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(61)	-	-	61
<b>Adjustments involving the Pensions Reserve</b> Amount by which pension costs calculated in accordance with the Code are different from contributions due under the pension scheme regulations	26,450	-	-	(26,450)
<b>Adjustments involving the Collection Fund Adjustment Account</b> Amount by which Council Tax income and Non-Domestic Rates credited to the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulations	(16,119)	-	-	16,119
<b>Adjustments involving the Accumulating Compensated Absence Adjustment Account</b> Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(444)	-	-	444
<b>Adjustments involving the Dedicated Schools Grant Adjustment Account</b> Transfer of Dedicated Schools Grant (DSG) overspend to the DSG Adjustment Account in the year in accordance with statutory requirements	555	-	-	(555)
<b>Total Adjustments 2021-2022</b>	<b>21,603</b>	<b>(2,650)</b>	<b>1,001</b>	<b>(19,954)</b>

## 6. UNUSABLE RESERVES

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

31 March 2022  £000		Movements in year 2022-2023  £000	31 March 2023  £000
155,620	Revaluation Reserve (a)	16,972	172,592
178,920	Capital Adjustment Account (b)	23,055	201,975
(604)	Financial Instruments Adjustment Account (c)	61	(543)
(296,147)	Pensions Reserve (d)	282,374	(13,773)
(6,437)	Collection Fund Adjustment Account (e)	6,708	271
(1,297)	Dedicated Schools Grant Adjustment Account (f)	-	(1,297)
(4,263)	Accumulating Compensated Absences Adjustment Account (g)	744	(3,519)
<b>25,792</b>	<b>Total</b>	<b>329,914</b>	<b>355,706</b>

### (a) Revaluation Reserve

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

- Re-valued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation
- Disposed of, and the gains are realised/lost

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.

2021-2022 £000		2022-2023 £000
139,992	Balance brought forward at 1 April	155,620
24,260	<b>Upward Revaluation of Assets</b> Property, Plant and Equipment	25,538
(1,445)	<b>Downward Revaluation of Assets and Impairment Losses not charged to the Surplus/ Deficit on the Provision of Services</b> Property, Plant and Equipment	(3,576)
22,815	<b>Surplus or Deficit on Revaluation of Non-Current Assets not posted to the Surplus or Deficit on the Provision of Services</b>	21,962
(2,234)	Difference between Fair Value Depreciation and Historical Cost Depreciation	(2,494)
(4,953)	Accumulated Gains on Non-Current Assets written out on disposal, sale or derecognition	(2,496)
(7,187)	<b>Amount written off to the Capital Adjustment Account</b>	(4,990)
155,620	Balance carried forward at 31 March	172,592

(b) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the authority as finance for the costs of acquisition, construction and enhancement.

The Account also contains accumulated gains and losses on Investment Properties and revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.



2021-2022 £000		2022-2023 £000
181,305	<b>Balance brought forward at 1 April</b>	178,920
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</b>	
(14,115)	Charges for Depreciation and Impairment of Non-Current Assets	(14,666)
(7,194)	Revaluation losses on Property, Plant and Equipment	(3,641)
(99)	Amortisation of Intangible Assets	(35)
(3,831)	Revenue expenditure funded from capital under Statute	(5,324)
(8,140)	Amounts of Non-Current Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,812)
(21)	Other Items	-
	<b>Adjusting amounts written out of the Revaluation Reserve</b>	
2,235	Difference between Fair Value Depreciation and Historical Cost Depreciation	2,494
4,953	Amounts of Revaluation Reserve written out on disposal, sale or derecognition of Non-Current Assets	2,496
	<b>Capital financing applied in the Year</b>	
2,888	Use of the Capital Receipts Reserve to finance new capital expenditure	3,917
8,676	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	23,899
2,062	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to finance Revenue expenditure financed by capital under statute	4,240
4,914	Application of grants to capital financing from the Capital Grants Unapplied Account	7,104
3,178	Provision for the financing of capital investment charged against General Fund balances	3,471
421	Capital expenditure charged against General Fund balances	940
1,827	<b>Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement</b>	1,153
(139)	<b>Long Term Debtors and Loan Repayments</b>	(181)
178,920	<b>Balance carried forward at 31 March</b>	201,975

(c) Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing difference 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 authority uses the Account to manage premiums paid on the early redemption of loans. 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.

2021-2022 £000		2022-2023 £000
(665)	<b>Balance brought forward at 1 April</b>	(604)
61	Proportion of premiums incurred in previous years charged against the General Fund balance in accordance with statutory requirements	61
(604)	<b>Balance carried forward at 31 March</b>	(543)

(d) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed, as the authority makes employer's contributions to Pension Funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a shortfall in the benefits earned by past and current employees and the resources the authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2021-2022 £000		2022-2023 £000
(337,393)	<b>Balance brought forward at 1 April</b>	(296,147)
67,697	Re-measurement Gains/(Losses) on Pension Assets/ Liabilities	313,051
(42,486)	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	(45,986)
16,035	Employer's pensions contributions and direct payments to pensioners payable in year	15,309
(296,147)	<b>Balance carried forward at 31 March</b>	(13,773)

(e) Collection Fund Adjustment Account

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

2021-2022 £000		2022-2023 £000
(22,556)	<b>Balance brought forward at 1 April</b>	(6,437)
	Amount by which credited to the Comprehensive Income and Expenditure Statement is different from income calculated for the year in accordance with statutory requirements:	
353	- Council Tax	(852)
15,766	- Non-Domestic Rates	7,560
(6,437)	<b>Balance carried forward at 31 March</b>	271

(f) Dedicated Schools Grant Adjustment Account

The Dedicated Schools Grant Adjustment Account was created on 1 April 2020 following new provisions put in place by the School and Early Years Finance (England) Regulations 2020 and Local Authority Finance Regulations.

These regulations established new accounting practices which require councils to carry forward any deficit on the Dedicated Schools Grant (DSG) from the current and previous years, to be dealt with from future DSG income up to 2022-2023. The Council must record any such deficit in an unusable reserve created solely for the purpose of recording deficits relating to its school's budget.

2021-2022 £000		2022-2023 £000
(742)	<b>Balance brought forward at 1 April</b>	(1,297)
(555)	Transfer of DSG deficit to the Dedicated Schools Grant Adjustment Account in the year in accordance with statutory requirements	-
(1,297)	<b>Balance carried forward at 31 March</b>	(1,297)

(g) Accumulating Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment 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.

2021-2022 £000		2022-2023 £000
(4,707)	Balance brought forward at 1 April	(4,263)
444	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.	744
(4,263)	Balance carried forward at 31 March	(3,519)

## 7. GENERAL FUND RESERVES

1 April 2021	Movements in year 2021-2022	31 March 2022		Movements in year 2022-2023	31 March 2023
£000	£000	£000		£000	£000
4,518	690	5,208	Insurance & Contingent Liability Reserve (a)	(2,000)	3,208
18,377	(518)	17,859	Transformation Reserve (b)	(11,688)	6,171
6,571	(641)	5,930	Growth Reserve (c)	(219)	5,711
1,481	(176)	1,305	Essential Equipment Fund (d)	(1,305)	-
702	(126)	576	Councillor Improvement Fund (e)	(220)	356
1,248	(44)	1,204	Waste Management Development Fund (f)	(557)	647
1,000	2,000	3,000	Inflationary Reserve (g)	1,746	4,746
997	(106)	891	Community Improvement Reserve (h)	(891)	-
1,617	2,090	3,707	Restructuring Reserve (i)	-	3,707
5,227	3,767	8,994	Funding Reform Volatility Reserve (j)	(1,725)	7,269
-	-	-	Pensions Reserve (k)	10,000	10,000
-	-	-	Tax Increment Financing (TIF) Reserve (l)	5,000	5,000
7,395	1,941	9,336	Covid-19 Reserve - General (m)	(5,126)	4,210
21,158	(12,593)	8,565	Covid-19 Reserve - Collection Fund (m)	(8,077)	488
<b>70,291</b>	<b>(3,716)</b>	<b>66,575</b>	<b>Sub-Total</b>	<b>(15,062)</b>	<b>51,513</b>
854	(205)	649	NW Regional Leaders Board (n)	-	649
11,656	1,884	13,540	Schools Balances (o)	(1,653)	11,887
-	-	-	Dedicated Schools Grant Reserve (p)	2,074	2,074
12,780	643	13,423	Unallocated General Fund Balances (q)	(1,423)	12,000
<b>96,581</b>	<b>(1,394)</b>	<b>94,187</b>	<b>Total</b>	<b>(16,064)</b>	<b>78,123</b>



(a) The Insurance & Contingent Liability Reserve exists to provide resource cover for additional and unforeseen insurance claims which may be brought in the future (including those resulting from exposure to long-tail claims and any additional liabilities arising from the run-off of Municipal Mutual Insurance) and also financial risks that the Council may face in the form of current contingent liabilities (see Note 41).

(b) The Transformation Reserve is available for services undergoing fundamental change in service delivery and requiring project management and/or specialist activities to achieve new operating models, improved performance or enhanced outcomes.

The reserve may also be accessed to promote the climate change agenda and support the development of services which create a greener and sustainable environment.

(c) The Growth Reserve is to support the delivery of developments which will enhance the economic growth of the Borough, attract new business and employment opportunities, and secure the long-term viability of St Helens Town Centre and its localities.

(d) The Essential Equipment Fund existed to provide for new or replacement equipment where the cost to acquire or the failure to replace would have a direct impact on the delivery of essential services. In order to focus on delivering the Council's priorities in the medium to longer term, it has been amalgamated into the Transformation Reserve.

(e) The Councillor Improvement Fund provides funding towards projects which councillors believe will enhance their ward environment.

(f) The Waste Management Development Fund was established subsequent to the receipt of monies from Merseyside Recycling and Waste Authority and is used to deliver actions in support of the Joint Recycling and Waste Management Strategy.

(g) The Inflationary Reserve is to support services where cost increases are significantly above inflation and to not allow for these costs would have a direct impact on the delivery of essential services.

(h) The Community Improvement Reserve was established to support new community improvements and the retention of some community-based services. It has been amalgamated into the Transformation Reserve.

(i) The Restructuring Reserve exists to support the Council's transformation programme in reshaping and modernising service delivery in order to achieve its key strategic priorities.

(j) The Funding Reform Volatility Reserve provides resilience for the Council from the uncertainties in future changes in Government funding and finance reform, and the ability to 'smooth out' resources during the transition period.

(k) The Pensions Reserve has been established to provide opportunities to realise future savings from the prepayment of pension liabilities to Merseyside Pension Fund following the actuarial revaluation of the Pension Fund.

(l) The Tax Increment Financing (TIF) Reserve has been created to smooth the impact on the revenue budget where there are timing delays between borrowing costs incurred under TIF regulations and the receipt of Business Rates income from new properties within the Freeport site boundary.

(m) The Covid-19 Reserve is twofold and was created to:

- provide future year budget resource cover for ongoing additional costs and income losses resulting from the pandemic
- provide resource cover for Collection Fund deficits arising as a result of the terms of the Government's Retail, Hospitality and Leisure (Business Rates) Relief Scheme

(n) Balances held as accountable body to the North West Regional Leaders Board.

(o) Balances held under delegated scheme arrangements, whereby such balances are

committed to be spent on the provision of education services.

- (p) The Dedicated Schools Grant Reserve was established in line with statutory guidance, whereby any surplus on the Dedicated Schools Grant in 2021-2022 or 2022-2023 must be earmarked to a ringfenced reserve.
- (q) General balances are set aside to provide a short-term cushion for the impact of uneven cash flow, to provide an emergency fund for exceptional unmitigated circumstances and to ensure that the Council remains a going concern.

## 8. CAPITAL RECEIPTS RESERVE

Useable capital receipts are generally available to finance capital investment or to repay borrowing in future years.

2021-2022 £000		2022-2023 £000
23,466	Balance brought forward at 1 April	20,816
	<b>Amounts received in Year</b>	
99	Asset Sales and Grant Repayment	2,023
139	Repaid loans and advances	181
(2,888)	<b>Amounts applied to finance new capital investment in year</b>	(3,917)
20,816	Balance carried forward at 31 March	19,103

## 9. UNAPPLIED CAPITAL GRANTS

These are capital grants and contributions that have not been used to finance capital expenditure, and for which there are no conditions attached to their usage.

31 March 2022 £000		31 March 2023 £000
11,583	Department for Education	10,166
-	Department for Environment, Food & Rural Affairs	753
690	Liverpool City Region Combined Authority	242
25	Other Grants and Contributions	80
12,298	<b>Total</b>	11,241

## 10. SCHOOLS BUDGET FUNDED BY DEDICATED SCHOOLS GRANT

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School and Early Years (England) Regulations 2022. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual School's Budget (ISB), which is divided into a budget share for each maintained school.

	Central Expenditure  £000	Individual Schools Budget  £000	Total 2022-2023  £000
Final DSG before Academy and High Needs recoupment			174,296
Academy and High Needs figures recouped			(49,569)
Total DSG after Academy and High Needs Figure Recoupment for 2022-2023			124,727
Plus: Brought Forward from 2021-2022			-
Less: Carry-forward to 2023-2024 agreed in advance			-
Agreed Initial Budgeted Distribution in 2022-2023	26,037	98,690	124,727
In-year adjustments		(3)	(3)
Final budgeted distribution for 2022-2023	26,037	98,687	124,724
Less: Actual central expenditure	(23,952)		(23,952)
Less: Actual ISB deployed to schools		(98,698)	(98,698)
Plus: Local Authority Contribution for 2022-2023			-
In Year Carry-Forward to 2023-2024	2,085	(11)	2,074
Plus: Carry-Forward to 2023-2024 agreed in advance			-
Carry-Forward to 2023-2024			2,074
DSG Unusable Reserve at the end of 2021-2022			(1,297)
Addition to DSG Unusable Reserve at the end of 2022-2023			-
Total of DSG Unusable Reserve at the end of 2022-2023			(1,297)
<b>Net DSG Position at the end of 2022-2023</b>			<b>777</b>

## 11. PENSIONS

### (a) Pension Schemes Accounted for as Defined Contribution Schemes

The pensions cost reported in the Cost of Services in relation to the Teacher's Pension Scheme (TPS) are equal to the employer's contribution payable to the Scheme in the accounting period as summarised below.

2021-2022		2022-2023
TPS		TPS
10.63	Employer Contribution (£m)	10.89
23.68%	Employer Contribution Rate	23.68%

Any surplus or deficit in these Plans may affect the amount of future contributions payable.

The TPS employer contribution rate for 2023-2024 is to remain at a rate of 23.68% and the estimated cost of employer contributions is £11.2m. The Department for Education provides grant funding to cover the cost of the increased contribution rate, that was introduced in September 2019, as part of the Dedicated Schools Grant.

### (b) Transactions relating to Retirement Benefits

The following transactions have been made in the Surplus or Deficit on Provision of Services (Comprehensive Income and Expenditure Statement) during the year to comply with the reporting requirements relating to defined benefits.

2021-2022			2022-2023	
TPS £000	LGPS £000		TPS £000	LGPS £000
		<b>Cost of Services</b>		
-	34,699	Current service cost	-	37,214
-	727	(Gains)/losses on settlements & curtailments	-	358
-	2	Past service cost	-	-
		<b>Other Operating Expenditure</b>		
-	436	Pension administration expenses	-	465
		<b>Financing and Investment Income and Expenditure</b>		
374	6,248	Net interest expense	460	7,489
<b>374</b>	<b>42,112</b>	<b>Total Post-Employment Benefits charged to Surplus or Deficit on Provision of Services</b>	<b>460</b>	<b>45,526</b>

The following transactions are then recognised in the Movement in Reserves Statement as adjustments between the accounting basis and funding basis under Regulations.



2021-2022			2022-2023	
TPS £000	LGPS £000		TPS £000	LGPS £000
(374)	(42,112)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services	(460)	(45,526)
-	14,206	Employer's contributions payable to scheme	-	13,550
1,830	-	Retirement benefits payable to pensioners	1,759	-
<b>1,830</b>	<b>14,206</b>	<b>Total Charged to the General Fund Balance</b>	<b>1,759</b>	<b>13,550</b>

(c) Pension Assets and Liabilities recognised in the Balance Sheet

2021-2022				2022-2023		
TPS £000	LGPS £000	TOTAL £000		TPS £000	LGPS £000	TOTAL £000
17,301	1,162,664	1,179,965	Benefit obligation at end of the period	13,833	833,500	847,333
-	(892,968)	(892,968)	Fair Value of plan assets at end of the period	-	(833,560)	(833,560)
<b>17,301</b>	<b>269,696</b>	<b>286,997</b>	<b>(Surplus) / Deficit as at 31 March</b>	<b>13,833</b>	<b>(60)</b>	<b>13,773</b>

Estimation of the net liability to pay pensions depends on several complex judgements relating to:

- Inflation and discount rates
- the rate at which salaries are projected to increase
- changes in retirement ages
- mortality rates
- expected returns on pension fund assets

These assumptions interact with each other and other factors in complex ways, some of which may be financially significant. For example, a 0.25% increase in the assumed rate of inflation increases the net pension liability by £35m; a 0.25% increase in assumed pay growth increases the liability by £5m and a 1-year increase in assumed life expectancy increases the liability by £17m.

At the end of 2022-2023 the Council's share of the overall Fund (excluding Teachers) was a net surplus of £0.060m compared to a net liability of £269.696m at the end of the previous year. This reduction is due to underlying economic conditions, which influence the financial assumptions and variables that the Fund's actuaries use, particularly the significant increases in the discount rate used by the actuaries to estimate the current value of future pension liabilities (previously 2.8%, now 4.8%). A higher discount rate means that the current value of the Fund's future liabilities reduces.

(d) Reconciliation of the Movement in the Fair Value of Scheme Assets

As disclosed in the Accounting Policies, there are no assets to cover the Teachers' added years' liabilities. The movement in assets relating to the LGPS is provided in the following table.

2021-2022 £000		2022-2023 £000
817,477	Opening Fair Value of Scheme Assets	892,968
17,355	Interest on plan assets	24,683
(436)	Pension administration expenses	(465)
59,453	Remeasurement gains / (losses)	(60,743)
23,356	Employer contributions	4,400
5,507	Member contributions	5,915
(29,744)	Benefits paid	(33,198)
892,968	Closing Fair Value of Scheme Assets	833,560

In April 2021, the Council made an upfront payment of £18.766m to the Merseyside Pension Fund for 80% of the Council's estimated employer contributions relating to the two-year period 2021-2022 to 2022-2023. Contributions of 20% of the Council's actual employer contributions were made each month during the financial years with a reconciliation taking place at each year end to ensure that the full contributions for the year were paid to the pension fund.

The upfront payment allowed the Council to generate corporate savings as a result of lower overall employer contributions over the period. This arises from the ability of the upfront funds to generate additional investment returns.

Based on the calculations supporting the upfront payment, the prepaid 80% Council employer contribution for 2022-2023 was £9.151m.

The assets at 31 March comprised:

2021-2022					2022-2023			
Quoted £000	Unquoted £000	Total £000	% of Total		Quoted £000	Unquoted £000	Total £000	% of Total
131,158	14,838	145,996	16%	<b>Equities</b>	111,808	9,379	121,187	15%
199,304	97,820	297,124	33%	UK	185,770	96,505	282,275	34%
				Global				
9,618	-	9,618	1%	<b>Bonds</b>	10,450	-	10,450	1%
26,117	-	26,117	3%	UK Government	18,287	-	18,287	2%
74,675	-	74,675	8%	UK Corporate	76,480	-	76,480	9%
4,379	-	4,379	1%	UK Index Linked	4,864	-	4,864	1%
-	(2,931)	(2,931)	(1%)	Overseas	-	(3,867)	(3,867)	(0%)
-	-	-	-	Corporate	494	-	494	0%
-	-	-	-	Derivative	540	-	540	0%
				Contracts				
				Overseas				
				Government				
				Collateralized				
				Bonds				
-	48,361	48,361	5%	<b>Property</b>	-	37,269	37,269	5%
1,099	13,739	14,838	2%	UK Direct	740	26,738	27,478	3%
-	22,348	22,348	3%	Property	-	25,833	25,833	3%
				UK Managed				
				Property				
				Global Managed				
				Property				
-	25,371	25,371	3%	<b>Private Equity</b>	82	31,099	31,181	4%
92	55,688	55,780	6%	UK	-	47,635	47,635	6%
				Global				
19,157	-	19,157	2%	<b>Cash</b>	-	14,413	14,413	2%
				All				
1,374	3,664	5,038	1%	<b>Other</b>	-	165	165	0%
-	31,324	31,324	4%	Other	-	20,157	20,157	2%
-	-	-	-	Alternatives UK	-	3,538	3,538	1%
-	40,026	40,026	4%	Other	-	45,085	45,085	5%
-	26,745	26,745	3%	Alternatives	-	25,422	25,422	3%
-	16,487	16,487	2%	Global	-	12,341	12,341	1%
1,465	31,050	32,515	4%	Goodhart	1,316	28,055	29,371	3%
-	-	-	-	Infrastructure UK	-	2,962	2,962	0%
				Infrastructure				
				Global				
				Opportunistic				
				Credit UK				
				Credit Global				
				Multi-Asset				
<b>468,438</b>	<b>424,530</b>	<b>892,968</b>	<b>100%</b>	<b>Total</b>	<b>410,831</b>	<b>422,729</b>	<b>833,560</b>	<b>100%</b>

(e) Reconciliation of Present Value of Scheme Liabilities (Defined Benefits Obligations)

The liabilities show the commitments that the Authority, in the long run, is estimated to have to pay to cover its pensions-related obligations:

2021-2022				2022-2023		
TPS £000	LGPS Funded £000	LGPS Unfunded £000		TPS £000	LGPS Funded £000	LGPS Unfunded £000
18,745	1,128,287	7,838	Opening Fair Value of Scheme Liabilities	17,300	1,155,451	7,213
-	34,699	-	Current service cost	-	37,214	-
374	23,446	157	Interest on pension liabilities	460	31,981	191
-	727	-	Curtailments	-	358	-
-	5,507	-	Member contributions	-	5,915	-
-	2	-	Past Service Cost	-	-	-
(1,830)	(28,994)	(750)	Benefits paid	(1,758)	(32,450)	(748)
127	(2,207)	-	Remeasurement (gains) and losses arising from financial assumptions	(2,835)	(470,181)	(1,753)
50	2,914	21	Remeasurement of experience (gains) and losses	680	102,577	907
(166)	(8,930)	(53)	Re-measurement (gains) arising from demographic assumptions	(14)	(3,168)	(7)
17,300	1,155,451	7,213	Closing Fair Value of Scheme Liabilities	13,833	827,697	5,803

The LGPS unfunded obligations represent additional benefits awarded upon early retirement. No such awards have been made for several years and the sums disclosed represent historic decisions.

(f) Actuarial Assumptions

Defined benefit obligations have been assessed on an actuarial basis using the Projected Unit Credit actuarial cost method, an estimate of the pensions that will be payable in future years, dependent on assumptions about mortality rates, salary levels, etc. This assessment, along with an assessment of the return on plan assets, has been undertaken by Mercer Limited, an independent firm of actuaries and is based on the latest full valuation of the scheme. The main assumptions used in their calculations are included in the following table.

31 March 2022		31 March 2023
	<b>Base Assumptions:</b>	
3.4%	Rate of CPI inflation	2.7%
4.9%	Rate of increase in salaries	4.2%
3.5%	Rate of increase in pensions	2.8%
2.8%	Rate of discounting plan liabilities	4.8%
50%	Proportion of employees opting to take a commuted lump sum	50%
	<b>Mortality Assumptions:</b>	
22.4 years	Life expectancy of male future pensioner aged 65 in 20 years' time	22.6 years
25.9 years	Life expectancy of female future pensioner aged 65 in 20 years' time	25.5 years
20.9 years	Life expectancy of male current pensioner aged 65	21.2 years
24.0 years	Life expectancy of female current pensioner aged 65	23.7 years

The sensitivity analysis below has been provided by Mercer Limited and shows the illustrative impact of marginal changes to the assumptions used in relation to the long-term discount rate, inflation and life expectancy.

	Using assumptions above £000	Illustrative +0.5 p.a. discount rate £000	Illustrative +0.25% p.a. inflation £000	Illustrative + 1 year life expectancy £000
Liabilities - TPS	13,833	13,436	14,039	14,523
Liabilities - LGPS	833,500	768,912	868,369	850,782
Assets – LGPS	(833,560)	(833,560)	(833,560)	(833,560)
<b>Deficit/(Surplus)</b>	<b>13,773</b>	<b>(51,212)</b>	<b>48,848</b>	<b>31,745</b>

#### (g) Additional Pensions Information

In March 2022, Merseyside Pension Fund's appointed actuary, Mercer Limited, published a Report on the actuarial valuation as at 31 March 2022, including those employer contribution rates and contributions required for the three years commencing 1 April 2023.

These rates were calculated having regard to the Funding Strategy Statement, as agreed by the Fund's Pensions Committee and which sets out a clear and transparent funding strategy identifying how each Fund employer's pension liabilities are to be met going forward.

The rates and contributions arising from the latest valuation were determined to support the regulatory requirement to secure solvency and long-term cost efficiency and the Administering Authority's long-term funding objective for the Fund to achieve, and then maintain, sufficient assets to cover 100% of projected accrued liabilities (the "solvency funding target"), with a deficit recovery period of 16 years for scheme employers.



The 2022 Valuation identified that the funding level for the Council as being 108.3%, with a contribution rate of 18.5% for the three-year period commencing 1 April 2023 necessary to meet the cost of future accrual of benefits. In line with the Funding Strategy Statement the surplus above the 100% solvency funding target is offset against the contributions for future service as detailed below:

2023-2024	£3.746m
2024-2025	£3.919m
2025-2026	£4.099m

The Funding Strategy applies to the whole of the fund, with the stated objective of achieving investment returns of 1.75% in excess of its liabilities, being achieved by strategic asset allocation, medium term allocation and active investment management.

However, the fund needs to allow for a level of volatility and risk over the short, medium and long term from the liability matching return.

At an individual employer level, this approach is effectively one of applying a notional individual employer investment strategy identical to the one adopted by the fund as a whole, with the employer's split between the various asset categories taken to be the same as for the whole fund. Notwithstanding this, a no-cross subsidy principle is applied across employers which results in the actuarial calculations establishing notional sub-funds (assets and liabilities) for each employer which are tracked at each triennial valuation.

The relative allocation of assets and liabilities within the fund to each employer reflects the specific membership, experience and past history of each employer. This bespoke strategic benchmark is subject to formal review every three years through the triennial valuation. Employer pension contributions forecast for the 2023-2024 are as per the following table.

	<b>Estimated 2023-2024 Contribution £000</b>
LGPS - Funded	13,440
LGPS - Unfunded	748
TPS – Unfunded	1,880

The weighted average duration of the defined benefit obligation for scheme members is 17 years.

## 12. OTHER OPERATING EXPENDITURE

2021-2022 £000		2022-2023 £000
328	Parish Council Precepts	335
12,302	Liverpool City Region Combined Authority Transport Levy	12,545
101	Environment Agency Levy	103
8,749	Merseyside Recycling and Waste Authority Levy	9,375
8,041	(Gains)/Losses on the Sale, Disposal or Derecognition of Non-Current Assets	789
436	Pension Administration Expenses	465
<b>29,957</b>	<b>Total</b>	<b>23,612</b>

## 13. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2021-2022 £000		2022-2023 £000
5,216	Interest Payable and Similar Charges	5,042
2,185	PFI Interest Payable	2,122
(2,185)	PFI Grant Applied	(2,122)
6,622	Net Interest Expense-Pensions (see Note 11d & e)	7,949
(780)	Interest Receivable and Similar Income	(3,137)
(2,617)	Income and Expenditure in relation to Investment Properties and changes in their fair value (see Note 28)	(1,842)
<b>8,441</b>	<b>Total</b>	<b>8,012</b>

## 14. TAXATION AND NON-SPECIFIC GRANT INCOME

2021-2022 £000		2022-2023 £000
(82,579)	Council Tax Income	(85,799)
(45,840)	Retained Non-Domestic Rates	(46,638)
(58,652)	Grants and Contributions (see Note 16)	(71,855)
<b>(187,071)</b>	<b>Total</b>	<b>(204,292)</b>

## 15. EXPENDITURE AND INCOME ANALYSED BY NATURE

2021-2022 £000		2022-2023 £000
	<b>Expenditure</b>	
200,877	Employee Expenses	206,848
261,659	Other Service Expenses	284,294
78,616	Support Service Recharges	86,860
19,601	Depreciation, Amortisation, Impairment & Revaluation (i) & (ii)	17,189
14,023	Interest Payments	15,113
21,480	Precepts and Levies	22,358
8,041	(Gain)/Loss on Sale, Disposal or Derecognition of Non-Current Assets	789
<b>604,297</b>	<b>Total Expenditure</b>	<b>633,451</b>
	<b>Income</b>	
(77,021)	Fees, Charges and Other Service Income (iii)	(79,753)
(78,616)	Support Service Recharge Income	(86,860)
(780)	Interest and Investment Income	(3,137)
(128,419)	Income from Council Tax and Retained Non-Domestic Rates	(132,437)
(296,464)	Government Grants	(307,332)
<b>(581,300)</b>	<b>Total Income</b>	<b>(609,519)</b>
<b>22,997</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>23,932</b>

### (i) Segmental Split of Depreciation of Non-Current Assets and Amortisation of Intangible Assets

2021-2022 £000		2022-2023 £000
3,634	People's Services Directorate	3,732
9,685	Place Services Directorate	10,184
895	Corporate Services Directorate	785
<b>14,214</b>	<b>Total</b>	<b>14,701</b>

(ii) Segmental Split of Impairment and Revaluation

<b>2021-2022</b> <b>£000</b>		<b>2022-2023</b> <b>£000</b>
(276)	People's Services Directorate	358
7,490	Place Services Directorate	3,283
-	Corporate Services Directorate	-
(1,827)	Other Non-Service	(1,153)
<b>5,387</b>	<b>Total</b>	<b>2,488</b>

(iii) Segmental Split of Fees, Charges and Other Service Income

<b>2021-2022</b> <b>£000</b>		<b>2022-2023</b> <b>£000</b>
(47,452)	People's Services Directorate	(50,891)
(27,616)	Place Services Directorate	(26,817)
(1,953)	Corporate Services Directorate	(2,045)
<b>(77,021)</b>	<b>Total</b>	<b>(79,753)</b>

## 16. GRANT INCOME

The following grants and contributions were credited to the Comprehensive Income and Expenditure Statement during the period.

2021-2022 £000	Credited to Taxation and Non-Specific Grant Income	2022-2023 £000
	<b>Covid-19 Grants</b>	
5,837	Covid-19 Grant Funding	-
641	Covid-19 Sales, Fees and Charges Compensation	-
1,801	Local Council Tax Support Grant	-
	<b>Total Formula Grant</b>	
20,426	Non-Domestic Rates Top Up Grant	21,071
	<b>Other Revenue Government Grants</b>	
14,641	Section 31 Non-Domestic Rates Grant	15,470
852	New Homes Bonus	1,344
271	Lower Tier Services Grant	291
-	Services Grant	3,186
	<b>Capital Grants and Contributions</b>	
6,310	Department for Education	5,601
665	Department for Levelling Up, Housing and Communities	-
11	Department for Transport	417
-	Department for Environment, Food & Rural Affairs	753
4,983	Liverpool City Region Combined Authority	23,049
606	TPE Customer and Community Improvement Fund	-
741	Other Capital Grants and Contributions	125
	<b>Other Contributions</b>	
-	Government Business Rates Levy surplus distribution	388
867	Mid-Mersey Non-Domestic Rates Pool	160
<b>58,652</b>	<b>Total</b>	<b>71,855</b>



2021-2022 £000	Credited to Services	2022-2023 £000
	<b>Covid-19 Specific Grants and Contributions</b>	
3,700	Additional Restrictions Grant / Hospitality & Leisure Fund	-
1,876	Community Testing (formerly SMART Testing)	-
5,203	Contain Outbreak Management Fund	637
655	Covid-19 Catch up / Recovery Premium Grant	1,216
803	Covid-19 Local Support Grant	-
3,279	Health Authority Contributions	-
678	Infection Control Fund	-
1,856	Workforce Recruitment and Retention Fund	-
3,610	Other Covid-19 Grants and Contributions	171
	<b>General Grants and Contributions</b>	
13,173	Better Care Fund	14,112
126,607	Dedicated Schools Grant	124,725
2,675	Disabled Facilities Grant	3,710
594	Early Years Capital Fund	-
5,822	Health Authority Contributions	7,323
517	Holiday Activities and Food Programme	778
641	Homelessness Prevention Grant / Rough Sleepers Initiative	751
-	Hospital Discharge Grant	802
875	Housing Benefit / Local Council Tax Support Admin Subsidy	878
48,370	Housing Benefit Subsidy Grant	44,557
1,780	Household Support Fund	3,559
1,082	Independent Living Fund Grant	1,082
3,367	Liverpool City Region Combined Authority Grants / Contributions	3,327
-	Market Sustainability & Improvement Fund	650
1,124	Merseyside Recycling & Waste Authority - Recycling Credits	1,369
-	National Tutoring Programme Grant	723
914	PE and Sports Grant	913
1,217	Private Finance Initiative (PFI) Credits	1,279
13,588	Public Health Grant	15,094
7,426	Pupil Premium Grant	7,956
805	Registered Provider Contributions	846
1,727	School Sixth Form Funding	1,863
-	Schools Supplementary Grant	2,420
7,870	Social Care Support Grant	10,623
-	Substance Misuse Grant	633
1,252	Supporting Families Grant	1,052
81	Town Funds Grant	1,128
340	Unaccompanied Asylum Seeking Children Funding	535
1,606	Universal Free School Meals for Infants Grant	1,609
7,678	Other Grants and Contributions	7,805
<b>272,791</b>	<b>Total</b>	<b>264,126</b>

## 17. CAPITAL & REVENUE GRANTS RECEIVED IN ADVANCE

The Council has received a number of grants and contributions that have conditions attached to them. These have not yet been recognised as income and will only be credited to the Comprehensive Income and Expenditure Statement once all conditions are met. The balances at the year-end are as follows:

31 March 2022			31 March 2023	
Short Term £000	Long Term £000	Capital Grants Receipts in Advance	Short Term £000	Long Term £000
1,744	-	Disabled Facilities Grant	1,225	-
575	-	Emergency Active Travel	2,059	-
-	-	Towns Fund	9,179	1,207
1,174	-	Other Grants and Contributions	1,578	422
<b>3,493</b>	<b>-</b>	<b>Total</b>	<b>14,041</b>	<b>1,629</b>

31 March 2022			31 March 2023	
Short Term £000	Long Term £000	Revenue Grants Receipts in Advance	Short Term £000	Long Term £000
		<b>Covid-19 Specific Grants</b>		
816	-	Contain Outbreak Management Fund	179	-
3,221	-	Covid-19 Additional Relief Fund (CARF)	-	-
		<b>General Grants and Contributions</b>		
331	413	Asylum Support Grant	295	770
-	-	Energy Bill Support Scheme	566	-
-	-	Family Hubs	615	-
-	-	Homes for Ukraine	214	515
697	1,534	Public Health Grant	734	1,469
305	-	Pupil Premium Grant	30	-
491	-	Registered Providers	540	-
428	4,896	Section 38/106 Contributions	514	4,730
741	-	Supporting Families Grant	553	-
1,169	-	Towns Fund	500	-
2,360	69	Other Grants and Contributions	1,873	362
<b>10,559</b>	<b>6,912</b>	<b>Total</b>	<b>6,613</b>	<b>7,846</b>

## 18. NATIONAL HEALTH SERVICE ACT 2006 POOLED FUNDS

### (a) Pooled Budget

The Council has operated a pooled budget arrangement in conjunction with Health partners since July 2014. Prior to 1st July 2022 this arrangement was with St Helens Clinical CCG Group (CCG). The Health and Care Act 2022 made integrated care systems formal statutory bodies with power over NHS commissioning functions, which meant under the act CCGs ceased to exist from 30 June 2022. The functions of the former St Helens CCG are now carried out by a new body, NHS Cheshire and Merseyside Integrated Care Board (ICB), which came into effect from 1 July 2022. St Helens Place is one of nine areas within NHS Cheshire and Merseyside ICB.

The pooled budget was established to make adult social care Continuing Health Care (CHC) assessments and the payment process more efficient and effective. Practically, this has been achieved by establishing a joint CHC team, consisting of officers from both the Council and the ICB to formulate all contracts for providers of CHC and joint-funded care. The Council is the host of this arrangement, which is governed by a Section 75 agreement, with the partners' funding contributions split in accordance with the agreement.

<b>2021-2022</b> <b>£000</b>		<b>2022-2023</b> <b>£000</b>
	<b>Funding provided to the pooled budget</b>	
(10,635)	St Helens Borough Council	(11,750)
(27,728)	Integrated Care Board	(30,214)
<b>(38,363)</b>	<b>Total Funding</b>	<b>(41,964)</b>
39,112	<b>Expenditure met from the pooled budget</b>	42,507
<b>749</b>	<b>Net (surplus)/deficit arising on the pooled budget during the year</b>	<b>543</b>
210	<b>Council share of (surplus)/deficit</b>	152
539	<b>Integrated Care Board share of (surplus)/deficit</b>	391

## (b) Better Care Fund

The Better Care Fund (BCF) creates a local single pooled budget to incentivise the NHS and local government to work more closely together around people, placing their well-being as the focus of health and care services. Joint arrangements of this type are permitted under Section 75 of the National Health Service Act 2006.

The section 75 agreement covering the BCF is now between St Helens Borough Council and the NHS Cheshire & Merseyside Integrated Care Board (ICB). On 22 September the government announced its Plan for Patients (<https://www.gov.uk/government/publications/our-plan-for-patients/our-plan-for-patients>). The plan committed additional funding for 2022-2023 to both councils and ICB's to support timely and safe discharge from hospital into the community. In line with the National Conditions a requirement of the funding was that the funds should be pooled into the local BCF and spending plans agreed between health and social care partners.

The primary aims of the BCF are:

- Supporting independence in the community by place-based activity
- Reducing non-elective admissions and reducing residential admissions by providing the right care and support within the community
- Facilitating earlier hospital discharge

2021-2022 £000		2022-2023 £000
	<b>Funding provided to pooled budget</b>	
(10,180)	St Helens Borough Council	(10,489)
(17,249)	Integrated Care Board (formerly St Helens CCG)	(18,218)
-	Discharge Funding – LA Adult Social Care	(802)
-	Discharge Funding – NHS Cheshire & Merseyside ICB	(972)
<b>(27,429)</b>	<b>Total Funding</b>	<b>(30,481)</b>
	<b>Expenditure met from the pooled budget</b>	
23,352	St Helens Borough Council	25,683
4,077	Integrated Care Board	4,798
<b>27,429</b>	<b>Total Expenditure</b>	<b>30,481</b>
-	<b>Net (surplus) / deficit arising on the pooled budget during the year</b>	-

In addition to the revenue funding, capital funding of £3.148m was contributed by the Council through the Disabled Facilities Grant (£3.148m in 2021-2022).

## (c) Integrated Provision Arrangements

The Council also has two separate integrated provision arrangements with NHS Cheshire & Merseyside ICB that are registered with the Department of Health:

- Integrated Adults Services Commissioning
- Intermediate Care – Re-enablement and Rapid Response

## 19. LEASING

### The Authority as Lessee - Operating Leases

The Authority uses various types of vehicles and computer equipment under terms of operating leases. The authority also currently leases a small number of buildings/sites under operating lease terms. The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £0.960m.

The authority had no expenditure on contingent rents or sub-leases in 2022-2023, nor did the authority receive any income from sub-lease arrangements.

The future minimum lease payments due under non-cancellable leases in future years are shown in the following table.

<b>31 March 2022 £000</b>		<b>31 March 2023 £000</b>
834	Not later than one year	867
2,155	Later than one year and not later than five years	2,083
659	Later than five years	184
<b>3,648</b>	<b>Total</b>	<b>3,134</b>

### The Authority as Lessor - Operating Leases

The authority has a number of properties leased out under operating leases for investment/commercial purposes. The future minimum lease payments receivable under non-cancellable leases in future years are:

<b>31 March 2022 £000</b>		<b>31 March 2023 £000</b>
2,486	Not later than one year	2,532
4,596	Later than one year and not later than five years	4,541
39,568	Later than five years	38,993
<b>46,650</b>	<b>Total</b>	<b>46,066</b>



## 20. OFFICERS' REMUNERATION IN EXCESS OF £50,000

(i) The number of employees receiving remuneration in excess of £50,000 is provided in the following table:

No. of Employees employed by the Council 2021-2022	No. of which are employed in Local Authority Schools 2021-2022	No. of which are Employees employed by School Governing Bodies 2021-2022	Remuneration	No. of Employees employed by the Council 2022-2023	No. of which are employed in Local Authority Schools 2022-2023	No. of which are Employees employed by School Governing Bodies 2022-2023
111	34	41	£50,000 - £54,999	115	32	37
51	19	11	£55,000 - £59,999	64	22	13
39	14	9	£60,000 - £64,999	38	16	4
22	8	10	£65,000 - £69,999	38	16	13
21	11	6	£70,000 - £74,999	17	5	6
15	3	1	£75,000 - £79,999	23	8	2
7	1	1	£80,000 - £84,999	5	1	1
10	1	1	£85,000 - £89,999	11	3	1
7	1	-	£90,000 - £94,999	3	1	-
4	1	1	£95,000 - £99,999	4	1	-
2	-	1	£100,000 - £104,999	2	1	-
-	-	-	£105,000 - £109,999	3	-	2
1	1	-	£110,000 - £114,999	-	-	-
-	-	-	£115,000 - £119,999	1	-	-
-	-	-	£120,000 - £124,999	1	-	-
<b>290</b>	<b>94</b>	<b>82</b>	<b>Total</b>	<b>325</b>	<b>106</b>	<b>79</b>

The table includes employees whose basic remuneration in the respective year was below £50,000, but whose total remuneration for the year exceeds £50,000 as a result of payments made upon termination of employment.

- (ii) The remuneration of senior employees, in accordance with the Accounts and Audit Regulations 2015, is detailed in the following table. The senior employees included within the following table are excluded from the tables in Note 20(i) and Note 24.

2021-2022		Senior Employee	2022-2023	
Remuneration £000	Employer's Pension Contribution £000		Remuneration £000	Employer's Pension Contribution £000
167	28	Chief Executive - KO'Dwyer	169	29
105	18	Assistant Chief Executive <sup>1</sup>	98	17
119	20	Executive Director of Place Services	124	21
124	21	Executive Director of Corporate Services	126	21
142	24	Executive Director of People's Services and Integrated Health/NHS Place Lead <sup>2</sup>	150	25
13	3	Director of Public Health <sup>3</sup>	-	-
89	15	Director of Public Health <sup>4</sup>	99	17
142	-	Director of Children's Services <sup>5</sup>	27	-
-	-	Director of Children's Services <sup>6</sup>	99	17
100	17	Director of Adult Services	102	17
108	18	Director of Legal & Governance (Monitoring Officer)	109	18

The employees in the table received no payments of bonuses or expenses allowance that are chargeable to United Kingdom income tax or benefits in kind during either year.

- 1 With effect from 28 February 2023 the post of Assistant Chief Executive was deleted and replaced by a post of Director of Policy & Transformation, reporting to the Executive Director of Corporate Services.
- 2 The post of Executive Director of People's Services and Integrated Health/NHS Place Lead is 50% funded by NHS Cheshire and Merseyside Integrated Care Board (ICB).
- 3 The former Director of Public Health left this role on 23 May 2021.
- 4 The current Director of Public Health commenced in this role on 24 April 2021.
- 5 The former Director of Children's Services left this role on 8 June 2022.
- 6 The current of Director of Children's Services commenced in this role on 1 July 2022.

## **21. MEMBERS' ALLOWANCES & EXPENSES**

A total of £677k was paid to Members of the Council by way of expense/allowance during 2022-2023 (£654k in 2021-2022).

## 22. RELATED-PARTY TRANSACTIONS

- (a) Central Government has effective control over the general operations of the Council: it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Details of the material transactions with Government Departments are included in the Cash Flow Statement and in Notes 34 (Debtors), 36 (Creditors) and the various Notes relating to Grants.
- (b) Members of the Council have direct control over financial and operational policies of the Council, and governance arrangements exist to ensure that the decision-making processes contain provision for declarations of interest where appropriate. Various Executive Directors and Members serve as Council representatives on the board of bodies that are in receipt of Council funding, such as the World of Glass. Contributions totalling £200k were made to the World of Glass in 2022-2023 (£200k in 2021-2022), relating to the provision of a town centre library on a temporary basis.

The Council has Member representation on the Board.

The Council has processes in place to ensure that relevant interests are declared as appropriate.

Further detail relating to Members' Allowances is included in Note 21.

- (c) Other bodies that could be classified as related parties include the following:

- Police and Crime Commissioner for Merseyside (see Collection Fund)
- Merseyside Fire and Rescue Authority (see Collection Fund)
- Merseyside Pension Fund (see Note 11)
- Merseyside Recycling and Waste Authority (see Notes 12 and 16)
- NHS Cheshire & Merseyside Integrated Care Board (see Note 18)
- Liverpool City Region Combined Authority (see Notes 12,16 and Collection Fund)

- (d) The Council has a Joint Venture with Langtree Property Partners (Parkside Regeneration LLP), which was established to acquire and regenerate the former Parkside Colliery site. The Partnership Board has been constituted on a 50/50 basis with both parties providing £1.5m equity and loan stock each. The Council holds three of the six positions on the Joint Venture Board.

The Council made an initial £4.5m interest-bearing loan to the company to fund the acquisition of the site and an additional interest-bearing loan of £1.3m to fund the phase 1 and 2 planning applications.

During 2020-2021, the Council agreed a contribution of £0.4m to the Joint Venture towards the costs incurred in relation to the planning inquiry for the Phase 1 development of the Parkside site. Approval from the Secretary of State was received in November 2021. Following this approval, a further loan of £1.1m was approved by the Council in December 2021, with the same amount matched by Langtree Property Partners (Langtree), to cover professional fees relating to the development of the Phase 1 development.

During 2022-2023, the Council has approved further equity investment within the Joint Venture to facilitate the development of Parkside West Phase 1A. Whilst due diligence work was undertaken to inform the Council's decision, further loans of £0.5m and £0.4m were approved by the Council in November and December respectively, with corresponding amounts matched by Langtree, to continue to progress Phase 1 development.

- (e) The Council agreed a 20-year strategic partnership with English Cities Fund (ECF) in March 2020 to accelerate regeneration in the borough.

ECF is a Joint Venture Limited Partnership between Muse, Legal & General and Homes England, established to drive greater institutional and private investment in English towns and cities.

The Council's Cabinet approved Masterplan Development Frameworks for St Helens and Earlestown Town Centres in February 2022 and the Council was awarded £20m following a successful Levelling-Up Fund bid for the regeneration of Earlestown. In September 2022, planning permission was granted for the first phase of the Masterplan and work continues on progressing and designing Phase 1 schemes for further approval.

## 23. AUDIT FEES

The Council projects that it will incur the following costs for services provided by its external auditors in relation to the audit of the Statement of Accounts and certification of grant claims.

2021-2022 £000		2022-2023 £000
151**	Fees payable to the appointed auditors with regard to external audit services carried out by the appointed auditor	154*
26	Fees payable to the appointed auditors for the certification of grant claims and returns	26
177	<b>Total</b>	180

\*The sum for 2022-2023 is the proposed fee agreed by Public Sector Audit Appointments (PSAA), plus the additional audit fees subsequently agreed with PSAA in relation to that period. Increases to the fee have been driven by new requirements on auditors, including those arising from the 2020 Code of Audit Practice.

\*\*The 2021-2022 main audit fee has been restated and shows an increase of £10,000 from the proposed fee included in the Audit Plan, which was originally quoted. This is because the auditors judged that the increase in gross expenditure above £500 million warranted a Major Local Audit.

No other fees were payable to the external auditors in respect of statutory inspection work or for the provision of non-audit services.

## 24. EXIT PACKAGES

As part of its Borough and Budget Strategies, the Council will continue to rethink, reshape and modernise service delivery in order to achieve its key strategic priorities, deliver better results for its communities and ensure that its financial position remains sustainable. This is likely to result in future termination benefits arising as formal, detailed, plans materialise. The number of exit packages relating to Council employees, together with the total cost per band and the total cost of compulsory redundancies and other departures are set out in the following table.



Exit Package Cost Band	No. of Compulsory Redundancies		No. of Other Departures Agreed		Total No. of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2021 -2022	2022 -2023	2021 -2022	2022 -2023	2021 -2022	2022 -2023	2021 -2022 £000	2022 -2023 £000
£0-£20,000	5	1	23	8	28	9	229	45
£20,001-£40,000	-	-	9	2	9	2	240	66
£40,001-£60,000	-	-	3	3	3	3	143	153
£60,001-£80,000	-	-	2	3	2	3	128	207
£80,001-£100,000	-	-	1	2	1	2	90	181
£100,001-£150,000	-	-	3	1	3	1	331	104
<b>Total</b>	<b>5</b>	<b>1</b>	<b>41</b>	<b>19</b>	<b>46</b>	<b>20</b>	<b>1,161</b>	<b>756</b>

## 25. PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment assets as presented on the Council's Balance Sheet are made up of the following balances:

31 March 2022 £000		31 March 2023 £000
179,984	Infrastructure Assets (See Note 25a)	184,036
314,839	Other Property, Plant and Equipment (See Note 25b)	357,197
<b>494,823</b>	<b>Total Property Plant and Equipment</b>	<b>541,233</b>

The detailed movement in gross valuations and asset depreciation is included in the following tables.

(a) Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets, the following tables does not include disclosure of gross cost and accumulated depreciation for infrastructure assets. Historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

As a result of previous accounting requirements for infrastructure assets, there are significant information deficits which mean that the gross cost and accumulated depreciation figures held for infrastructure assets may not be materially correct, due to being unable to identify and therefore derecognise components of these assets as they have been replaced.

In line with the amendments to the 2003 Regulations, where a component of an infrastructure asset has been replaced, the Council has assumed that the carrying amount of the component to be derecognised is nil (new regulation 30M(3)).

<b>2021-2022 £000</b>		<b>2022-2023 £000</b>
<b>180,355</b>	<b>Net Book Value at 1 April</b>	<b>179,984</b>
6,268	Additions	10,851
(6,639)	Depreciation charge	(6,799)
<b>179,984</b>	<b>Net Book Value at 31 March</b>	<b>184,036</b>

(b) Movements in 2022-2023

	Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Surplus Assets	Assets under Construction	Total Other Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000
<b>Valuation - Balance b/fwd at 1 April 2022</b>	<b>273,105</b>	<b>18,719</b>	<b>12,733</b>	<b>12,908</b>	<b>7,969</b>	<b>325,434</b>
Additions	1,861	4,659	36	-	25,992	32,548
Revaluations recognised in the Revaluation Reserve	17,487	-	-	73	-	17,560
Revaluations recognised in the Surplus/Deficit on the Provision of Services	(3,063)	-	-	(903)	-	(3,966)
De-recognition - Assets with Nil Net Book Value	-	(2,241)	-	-	-	(2,241)
Sales, Disposals and other derecognitions	-	(71)	-	(334)	-	(405)
Reclassification to Assets Held for Sale	-	-	-	(9)	-	(9)
Reclassification to Investment Properties	(309)	-	-	-	-	(309)
Other re-classifications	718	-	-	2,386	(3,104)	-
<b>Valuation - Balance c/fwd at 31 March 2023</b>	<b>289,799</b>	<b>21,066</b>	<b>12,769</b>	<b>14,121</b>	<b>30,857</b>	<b>368,612</b>
<b>Depreciation - Balance b/fwd at 1 April 2022</b>	<b>428</b>	<b>10,083</b>	<b>-</b>	<b>84</b>	<b>-</b>	<b>10,595</b>
Depreciation Charge	5,271	2,596	-	-	-	7,867
Written out to the Revaluation Reserve	(4,358)	-	-	(44)	-	(4,402)
Written out to the Surplus/Deficit on the Provision of Services	(288)	-	-	(37)	-	(325)
De-recognition - Assets with Nil Net Book Value	-	(2,241)	-	-	-	(2,241)
Sales, Disposals and other derecognitions	-	(56)	-	-	-	(56)
Reclassification to Investment Properties	(23)	-	-	-	-	(23)
Other re-classifications	(81)	-	-	81	-	-
<b>Depreciation - Balance at 31 March 2023</b>	<b>949</b>	<b>10,382</b>	<b>-</b>	<b>84</b>	<b>-</b>	<b>11,415</b>
<b>Net carrying value at 31 March 2023</b>	<b>288,850</b>	<b>10,684</b>	<b>12,769</b>	<b>14,037</b>	<b>30,857</b>	<b>357,197</b>

(c) Comparative Movements in 2021-2022

	Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Surplus Assets	Assets under Construction	Total Other Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000
<b>Valuation - Balance b/fwd at 1 April 2021</b>	<b>251,857</b>	<b>18,526</b>	<b>13,137</b>	<b>13,260</b>	<b>4,139</b>	<b>300,919</b>
Additions	11,365	1,471	113	-	12,024	24,793
Revaluations recognised in the Revaluation Reserve	17,454	-	-	(275)	-	17,179
Revaluations recognised in the Surplus/Deficit on the Provision of Services	(7,366)	-	(517)	(58)	-	(7,941)
De-recognition - Assets with Nil Net Book Value	-	(1,278)	-	-	-	(1,278)
Sales, Disposals and other derecognitions	(8,450)	-	-	-	-	(8,450)
Reclassification to Assets Held for Sale	-	-	-	(1,639)	-	(1,639)
Reclassification from Investment Properties	1,671	-	-	-	-	1,671
Other re-classifications	6,574	-	-	1,620	(8,194)	-
<b>Valuation - Balance c/fwd at 31 March 2022</b>	<b>273,105</b>	<b>18,719</b>	<b>12,733</b>	<b>12,908</b>	<b>7,969</b>	<b>325,434</b>
<b>Depreciation - Balance b/fwd at 1 April 2021</b>	<b>2,465</b>	<b>8,626</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,091</b>
Depreciation Charge	4,740	2,735	-	-	-	7,475
Written out to the Revaluation Reserve	(5,629)	-	-	(7)	-	(5,636)
Written out to the Surplus/Deficit on the Provision of Services	(747)	-	-	-	-	(747)
De-recognition - Assets with Nil Net Book Value	-	(1,278)	-	-	-	(1,278)
Sales, Disposals and other derecognitions	(310)	-	-	-	-	(310)
Other re-classifications	(91)	-	-	91	-	-
<b>Depreciation - Balance at 31 March 2022</b>	<b>428</b>	<b>10,083</b>	<b>-</b>	<b>84</b>	<b>-</b>	<b>10,595</b>
<b>Net carrying value at 31 March 2022</b>	<b>272,677</b>	<b>8,636</b>	<b>12,733</b>	<b>12,824</b>	<b>7,969</b>	<b>314,839</b>

(d) Revaluations

The table below shows the profile of valuations for the Council's asset base that are not carried at historic cost.

	Land and Buildings £000	Surplus Assets £000
31 March 2023	255,251	6,262
31 March 2022	26,411	3,735
31 March 2021	4,834	1,715
31 March 2020	899	1,805
31 March 2019	2,117	-
Prior to 31 March 2018	287	605
<b>Total</b>	<b>289,799</b>	<b>14,122</b>

## 26. PRIVATE FINANCE INITIATIVE (PFI) AND SIMILAR CONTRACTS

### Rainford High School PFI Scheme

In December 2010, the Council entered into a PFI contract with Environments for Learning to design, build, finance and operate Rainford High School. 2011-2012 was the first year of a 27-year PFI contract for the construction, maintenance and operation of the school. The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fees payable being made if facilities are unavailable or performance is below the minimum standards required by the contract. On 1 September 2017, Rainford High School converted to an Academy and became part of the Rainford Academies Trust.

The PFI liability remains on the Balance Sheet, as the obligation to pay remains with the Council. The Council receives grant funding from Central Government to cover the capital cost of the PFI liability. There is a formal agreement with the Academy Trust to cover the shortfall between the full liability and the grant. Therefore, there is no change in the nature of the existing liability and, hence, no adjustments have been made since conversion to an Academy. Should there be changes in Government policy or the status or viability of the Academy in the future that impact upon how the existing guarantees operate, the accounting policy will be reviewed and amended if necessary. Based upon current information and projections of pupil numbers, no changes are likely over the short to medium term.

### Analysis of Payments

The Council makes an agreed payment each year in respect of its PFI arrangement and these are detailed in the table below. Payments under the PFI agreement may be reduced if the contractor fails to meet the availability and performance standards in any year, but which is otherwise fixed. Lifecycle replacement costs have been included in the service charges element of the following table.



	<b>Payments for Services £000</b>	<b>Repayment of Capital £000</b>	<b>Interest £000</b>	<b>Total £000</b>
Within one year	1,571	770	2,052	4,393
Payable within 2-5 years	7,375	3,212	7,411	17,998
Payable within 6-10 years	9,725	6,741	7,072	23,538
Payable within 11-15 years	10,477	10,027	3,159	23,663
<b>Total</b>	<b>29,148</b>	<b>20,750</b>	<b>19,694</b>	<b>69,592</b>

Over the life of the PFI project, the Council will receive government grant of £87.8m.

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

<b>2021-2022 £000</b>		<b>2022-2023 £000</b>
<b>22,089</b>	<b>Balance brought forward at 1 April</b>	<b>21,460</b>
(629)	Repayments during the year	(710)
<b>21,460</b>	<b>Balance carried forward at 31 March</b>	<b>20,750</b>

## 27. HERITAGE ASSETS

<b>2021-2022</b>				<b>2022-2023</b>		
<b>Opening Balance 1 April £000</b>	<b>In-Year Movements £000</b>	<b>Closing Balance 31 March £000</b>		<b>Opening Balance 1 April £000</b>	<b>In-Year Movements £000</b>	<b>Closing Balance 31 March £000</b>
1,196	-	1,196	Art Collection	1,196	-	1,196
436	-	436	Civic Regalia	436	-	436
1,651	-	1,651	Statues and Monuments	1,651	-	1,651
<b>3,283</b>	<b>-</b>	<b>3,283</b>	<b>Total</b>	<b>3,283</b>	<b>-</b>	<b>3,283</b>

## 28. INVESTMENT PROPERTY

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line on the Comprehensive Income and Expenditure Statement.

2021-2022 £000		2022-2023 £000
(855)	Rental income from Investment Properties	(764)
65	Direct operating expenses arising from Investment Properties	75
<b>(790)</b>	<b>Net (Income)/Expenditure</b>	<b>(689)</b>

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

The authority has no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancement.

The following table summarises the movement in the fair values of investment properties over the year.

2021-2022 £000		2022-2023 £000
<b>13,621</b>	<b>Balance brought forward at 1 April</b>	<b>13,777</b>
-	Disposals	(1)
1,827	Net Gains/(Losses) from Fair Value adjustments	1,153
(1,671)	Transfers (to)/from Property, Plant and Equipment	286
<b>13,777</b>	<b>Balance carried forward at 31 March</b>	<b>15,215</b>

### Fair Value Hierarchy

The Council's investment property assets have been assessed by the valuers as Level 2 for valuation purposes. An explanation of the different fair value levels is included within the Council's statement of main accounting principles.

### Valuation Techniques used to determine Level 2 Fair Values for Investment Properties

The fair value of investment properties assessed at Level 2 has been based on the market approach using current market conditions and recent sale prices and other relevant information for similar assets in the Local Authority area. The work undertaken by the valuers focused on the change in values since the last valuation, i.e., the period from 31 March 2022 to 31 March 2023.

### Highest and Best Use of Investment Properties

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

## Valuation Process for Investment Properties

The fair value of the authority's investment property is measured annually at each reporting date. The valuations have been carried out by external valuers, Wilks Head & Eve LLP.

The valuations have been carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

## 29. INTANGIBLE ASSETS

2021-2022				2022-2023		
Gross Carrying Amount £000	Accumulative Amortisation £000	Net Carrying Amount £000		Gross Carrying Amount £000	Accumulative Amortisation £000	Net Carrying Amount £000
495	(358)	137	Balance brought forward at 1 April	175	(135)	40
1	-	1	Additions in year	12	-	12
-	(98)	(98)	Amortised/Disposed in year	-	(35)	(35)
(321)	321	-	Derecognition of assets wholly amortised	(162)	162	-
175	(135)	40	Total	25	(8)	17

## 30. SHORT & LONG-TERM INVESTMENTS

2021-2022				2022-2023		
Principal £000	Accrued Interest £000	Total £000		Principal £000	Accrued Interest £000	Total £000
112,000	174	112,174	Short-term Investments	115,000	1,894	116,894
1,526	-	1,526	Long-term Investments	1,525	-	1,525
113,526	174	113,700	Total	116,525	1,894	118,419

### 31. LONG-TERM DEBTORS

31 March 2022		New Loans	Transfer to short term debtors	Impaired in the Year	Repaid in the Year	Other Movements	31 March 2023
£000		£000	£000	£000	£000	£000	£000
2,348	Improvement Loans	-	-	-	(137)	-	2,211
866	Housing Innovation Loans	-	-	-	(44)	-	822
1,047	Social Care Deferred Payments	438	(476)	-	-	-	1,009
9,474	Parkside Regeneration LLP	884	-	-	-	435	10,793
<b>13,735</b>	<b>Sub-Total</b>	<b>1,322</b>	<b>(476)</b>	<b>-</b>	<b>(181)</b>	<b>435</b>	<b>14,835</b>
(157)	Less Provision for Bad Debts	-	-	-	-	6	(151)
<b>13,578</b>	<b>Total</b>	<b>1,322</b>	<b>(476)</b>	<b>-</b>	<b>(181)</b>	<b>441</b>	<b>14,684</b>

### 32. CAPITAL EXPENDITURE AND FINANCING

#### (a) Capital Financing Requirement

The total amount of expenditure financed by capital resource in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the authority, the expenditure results in an increase in the Capital Financing Requirement - a measure of the capital expenditure incurred historically by the authority that has yet to be financed.

<b>2021-2022 £000</b>		<b>2022-2023 £000</b>
<b>177,753</b>	<b>Opening Capital Financing Requirement</b>	<b>191,886</b>
	<b>Capital Investment</b>	
31,241	Property, Plant and Equipment	43,398
1	Intangible Assets	13
3,831	Revenue Expenditure funded from Capital under Statute	5,324
1,200	Long Term Debtors (Loans & Advances)	885
	<b>Sources of Finance</b>	
(2,888)	Capital Receipts	(3,917)
(15,651)	Government Grants and Other Contributions	(35,243)
	<b>Sums set aside from Revenue</b>	
(421)	Direct Revenue Contributions	(940)
(3,180)	Revenue Provision for repayment of borrowing and other long term liabilities	(3,471)
<b>191,886</b>	<b>Closing Capital Financing Requirement</b>	<b>197,935</b>
	<b>Explanation of Movements in Year</b>	
17,313	Underlying need to borrow arising from capital investment	9,520
(3,178)	Revenue provision for repayment of borrowing and other long-term liabilities	(3,471)
(2)	Other movements	-
<b>14,133</b>	<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>6,049</b>

(b) Capital Commitments

At 31 March 2023, the authority had entered into a number of contracts for the construction or enhancement of infrastructure and property or the purchase of vehicles and equipment in 2023-2024 and future years budgeted to cost £18.2m. (Similar commitments at March 2022 were £43.9m). The main contractual commitments are shown in the following table.

<b>Capital Commitments</b>	<b>2022-2023 £000</b>
A49 to M6 Junction 22 Link Road	16,246
Ashurst Primary School	848
Other capital commitments	1,151
<b>Total</b>	<b>18,245</b>



### 33. ASSETS HELD FOR SALE

2021-2022		2022-2023 £000
824	<b>Balance Brought Forward at 1 April</b>	<b>2,463</b>
1,639	Assets classified (to)/from Property, Plant and Equipment	9
-	Asset Disposals	(2,463)
<b>2,463</b>	<b>Balance Carried Forward at 31 March</b>	<b>9</b>

### 34. SHORT-TERM DEBTORS

31 March 2022 £000		31 March 2023 £000
	<b>Council Tax/Non-Domestic Rates Debtors (See Note 1 to the Collection Fund)</b>	
19,817	Council Tax	22,194
60	Liverpool City Region Combined Authority	63
203	Merseyside Fire & Rescue Authority	150
9,456	Non-Domestic Rates	9,853
715	Police & Crime Commissioner for Merseyside	779
	<b>Other (Non-Collection Fund) Short Term Debtors</b>	
2,494	Housing Benefits	2,204
4,538	Liverpool City Region Combined Authority	25,070
2,995	NHS Bodies	1,479
544	Other Local Authorities	604
2,512	VAT	2,235
6,543	Other Government Departments	2,135
15,344	Sundry	20,532
<b>65,221</b>	<b>Gross Debtors</b>	<b>87,298</b>
	<b>Less: Council Tax/Non-Domestic Rates (See Note 1 to the Collection Fund) Provision for Bad Debts</b>	
(13,828)	Council Tax	(15,756)
(7,657)	Non-Domestic Rates	(7,883)
	<b>Less: Other (Non-Collection Fund) Provision for Bad Debts</b>	
(2,005)	Housing Benefit	(1,838)
(2,536)	Sundry	(3,054)
<b>(26,026)</b>	<b>Total Provision for Bad Debts</b>	<b>(28,531)</b>
<b>39,195</b>	<b>Net Debtors</b>	<b>58,767</b>

### 35. SHORT- AND LONG-TERM BORROWING

Under the Code, balances relating to financial instruments should be shown as current or long-term depending on when amounts are payable or receivable. Accrued interest in respect of the authority's Public Works Loan Board (PWLB) and market loans are separated from the principal sums as these are payable within 12 months and therefore should be treated as current liabilities.

#### (a) Analysis of Short-term Borrowing by Type

2021-2022				2022-2023		
Principal £000	Accrued Interest £000	Total £000		Principal £000	Accrued Interest £000	Total £000
3,106	1,014	4,120	PWLB	12	997	1,009
-	315	315	Market Loans	-	314	314
<b>3,106</b>	<b>1,329</b>	<b>4,435</b>	<b>Total</b>	<b>12</b>	<b>1,311</b>	<b>1,323</b>

#### (b) Analysis of Long-term Borrowing by Type

Principal 31 March 2022 £000		Principal 31 March 2023 £000
114,521	PWLB	114,509
23,000	Market Loans	23,000
<b>137,521</b>	<b>Total</b>	<b>137,509</b>

#### (c) Analysis of Long-term Borrowing by Maturity Period

Principal 31 March 2022 £000		Principal 31 March 2023 £000
12	Between one and two years	13
61	Between two and five years	48
7,530	Between five to fifteen years	7,530
1,960	Between fifteen to twenty-five years	1,960
112,958	Between twenty-five to fifty years	112,958
15,000	Over fifty years	15,000
<b>137,521</b>	<b>Total</b>	<b>137,509</b>

### 36. SHORT-TERM CREDITORS

31 March 2022 £000		31 March 2023 £000
	<b>Council Tax/Non-Domestic Rates Creditors (See Note 1 to the Collection Fund)</b>	
554	Central Government NDR Agency Arrangement	451
1,625	Council Tax	2,556
1,245	Non-Domestic Rates	1,262
	<b>Other (Non-Collection Fund) Short Term Creditors</b>	
11,978	Council Tax Energy Rebate Scheme – Agency Arrangement	-
2,813	Covid-19 Business Grants – Agency Arrangement	102
4,263	Employees Accumulated Absences (See Note 6g)	3,519
3,622	HMRC – Tax & National Insurance	3,145
1,465	Local Government Pension Scheme	2,419
1,220	Teachers' Pension Scheme	1,221
5,665	NHS Bodies	5,739
3,463	Section 31 Business Rates Grant	1,373
486	Other Government Departments	528
1,772	Other Local Authorities	1,991
33,640	Sundry	41,154
<b>73,811</b>	<b>Total</b>	<b>65,460</b>

### 37. PROVISIONS

	31 March 2022 £000	Expenditure Charged to Provision in Year £000	Increase/ Reduction in Provision £000	31 March 2023 £000
Business Rates Appeals (a)	11,952	(3,272)	2,695	11,375
Equal Pay (b)	13	-	-	13
Ordinary Residence (c)	805	-	799	1,604
<b>Short Term</b>	<b>12,770</b>	<b>(3,272)</b>	<b>3,494</b>	<b>12,992</b>
Insurance (d)	3,547	(623)	514	3,438
<b>Long Term</b>	<b>3,547</b>	<b>(623)</b>	<b>514</b>	<b>3,438</b>
<b>Total</b>	<b>16,317</b>	<b>(3,895)</b>	<b>4,008</b>	<b>16,430</b>

- (a) Provision has been made for Non-Domestic Rating valuation appeals based on an estimate of the likely level and value of successful appeals.
- (b) Claims were brought against the Council under the Equal Pay Act 1970 and associated Regulations, and in October 2015, the Employment Tribunal found in favour of the claimants. As at March 2023 one settlement remains outstanding.
- (c) The Council is involved in a legal process to determine the responsible body for costs associated with two service users and, without prejudice, has set aside a provision for care costs associated with these Ordinary Residence claims.
- (d) The Council determines its insurance as part of its Risk Management processes and organises cover from both external providers and its own self-insurance fund. The balance of the fund is regularly assessed for its adequacy. In the case of its combined (Public and Employers) liability provision, a consultancy opinion on size is commissioned on a frequent basis. The review of combined liability indicates that the forecast provision for this area at March 2023 is £3.176m. An analysis of the other insurances shows that a provision of £0.262m is required.

### 38. OTHER LONG-TERM LIABILITIES

These consist of liabilities which are (re)payable over a period of time and are analysed as follows.

<b>31 March 2022 £000</b>		<b>31 March 2023 £000</b>
346	Commutated Sums and Contractor Bonds	327
829	Merseyside Residual Body Debt	553
20,750	Rainford High PFI (see Note 26)	19,980
4,182	Merseyside Recycling and Waste Authority	11,250
<b>26,107</b>	<b>Total</b>	<b>32,110</b>

### 39. FINANCIAL INSTRUMENTS

#### (a) Categories of Financial Instruments

The following table details the categories of financial instruments carried in the Balance Sheet.

31 March 2022 Restated			31 March 2023	
Current £000	Long Term £000		Current £000	Long Term £000
112,000	1,526	<b>Investments</b>	115,000	1,525
42,099	-	Financial Assets	12,041	-
174	-	Cash and Cash Equivalents	1,894	-
		Accrued Interest on Financial Assets		
		<b>Debtors</b>		
21,375	13,578	Financial Assets at Amortised Cost	42,146	14,684
<b>175,648</b>	<b>15,104</b>	<b>Total Financial Assets</b>	<b>171,081</b>	<b>16,209</b>
(3,106)	(137,521)	<b>Borrowings</b>	(12)	(137,509)
(1,329)	-	Financial Liabilities	(1,311)	-
		Accrued Interest on Financial Liabilities		
(4,517)	-	<b>Bank Overdraft</b>	(3,728)	-
		<b>Other Long-Term Liabilities</b>		
-	(20,750)	Private Finance Initiative (PFI)	-	(19,980)
		<b>Creditors</b>		
(40,389)	-	Financial Liabilities at Amortised Cost	(44,355)	-
<b>(49,341)</b>	<b>(158,271)</b>	<b>Total Financial Liabilities</b>	<b>(49,406)</b>	<b>(157,489)</b>

In line with the Accounting Policies, all financial assets and liabilities have been classified as being measured at amortised cost. No financial assets and liabilities have been measured as:

- Fair value through profit and loss
- Fair value through other comprehensive income

#### (b) Income, Expense, Gains and Losses

The following table outlines the income and expense that have been credited/charged to the Comprehensive Income and Expenditure Statement in relation to financial instruments categorised as being measured at amortised cost.

2021-2022			2022-2023	
Financial Liabilities £000	Financial Assets £000		Financial Liabilities £000	Financial Assets £000
(5,216)	-	Interest Expense	(5,042)	-
-	780	Interest Income	-	3,137
<b>(5,216)</b>	<b>780</b>	<b>Net Income/(Expense) for the Year</b>	<b>(5,042)</b>	<b>3,137</b>

Interest payments of £2.122m were made in respect of the PFI scheme in the year. However, this cost was met through PFI grant.

### (c) Fair Values of Assets and Liabilities

The Council's financial liabilities and financial assets are represented by financial assets and liabilities which are carried on the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instrument (Level 2 inputs) using the following assumptions:

- For loans from the Public Works Loan Board (PWLB), premature repayment rates from the PWLB have been applied to provide the fair value.
- For non-PWLB loans, prevailing market rates have been applied to provide the fair value.
- The fair value of the PFI scheme has been calculated by applying the PWLB annuity rate for premature repayments to the outstanding liability at the Balance Sheet date.
- No early repayment or impairment has been recognised.
- Where an instrument is a short-term trade receivable or payable, then the carrying amount is taken to be a reasonable approximation of fair value.

The fair values of the Financial Liabilities are detailed in the following table.

2021-2022			2022-2023	
Carrying Amount £000*	Fair Value £000		Carrying Amount £000*	Fair Value £000
118,641	164,815	PWLB Loans	115,518	102,110
23,315	43,640	Market Loans	23,314	26,861
21,460	38,466	PFI Liability	20,750	31,470
4,517	4,517	Cash and Cash Equivalents - Bank Overdraft	3,728	3,728
<b>167,933</b>	<b>251,438</b>	<b>Total</b>	<b>163,310</b>	<b>164,168</b>

\*Carrying values include accrued interest

The fair value of the Council's financial liabilities is greater than the carrying amount, because the Council's portfolio of loans includes a number of fixed rate loans where the interest rates payable are higher than the rates available for similar loans at the Balance Sheet date.

The fair value of PWLB loans measures the economic effect of the terms agreed with the PWLB at the loan start date, compared with estimates of the terms that would be offered for new loan transaction undertaken at the Balance Sheet date. The difference between the carrying amount and fair value measures the increased level of interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against



what would be paid if the loans had been undertaken at the Balance Sheet date.

The Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of fair value is to compare the Council's current carrying value of loans with the new loan borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £115.518m would be valued at £86.123m. If the Council were to redeem its PWLB debt early, a discount of £13.414m would be receivable.

The difference between the fair value and the carrying value of loans would only crystallise if the Council sought to terminate its arrangements and, as to the extent that the Council would not seek to terminate loans, on which discounts would be redeemable without certainty that no further borrowing at a potential higher rate is needed, this figure should be considered notional. It should also be noted that the market loans contain Lender Option Borrower Option loans, whereby, at specified intervals, there are options on both the part of the Council and the Lender in relation to rates applicable to the residual terms of the loans. The Council is free to repay the loans, in full, and without penalty if it is not agreeable with any revised options proposed by the Lender.

2021-2022			2022-2023	
Carrying Amount £000*	Fair Value £000		Carrying Amount £000*	Fair Value £000
112,174	111,951	Financial Assets	116,894	116,894
1,526	1,526	Financial Assets – Stock	1,525	1,525
13,578	13,578	Long Term Debtor	14,684	14,684
42,099	42,099	Cash and Cash Equivalents	12,041	12,041
<b>169,377</b>	<b>169,154</b>	<b>Total</b>	<b>145,144</b>	<b>145,144</b>

\* Carrying values include accrued interest

The Carrying Amount of the Council's Financial Assets is equal to their Fair Value, as it is deemed that for short-term financial assets, the carrying value is a reasonable proxy for Fair Values

For long-term debtors & Loan Stock, it is also assumed that the carrying values are a reasonable proxy for fair values.

(d) Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements.

2021-2022 £000		2022-2023 £000
(4,517)	<b>Financial Liability</b> Bank Overdrafts	(3,728)
41	<b>Financial Asset</b> Petty Cash	41
42,058	Bank Call Accounts	12,000
<b>37,582</b>	<b>Total Cash and Cash Equivalents</b>	<b>8,313</b>

(e) Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks, and its 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. Financial Risk Management is the responsibility of the Executive Director of Corporate Services and, through full adoption of CIPFA's Treasury Management in the Public Services: Code of Practice, the Council has policies and processes in place to control key financial instrument related risks. Under the policies approved by the Council in the annual Treasury Management Strategy, and through its associated Treasury Management Practices (TMP's), the Council has in place written principles for overall risk management, as well as written policies covering specific areas such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Exposure to credit risk is managed through the Council's Counterparty lending list, which places limits on the value and duration over which investments can be made with approved counterparties to minimise the risk of loss. The counterparty list comprises of institutions that are rated independently by FITCH and meet specific rating requirements. The detailed minimum lending requirements for counterparties are outlined in the annual Treasury Management Strategy.

As detailed in the Council's Treasury Management Strategy, the Council's counterparty list is regularly monitored and is updated for any adverse movements in financial institutions' ratings. Such is the robustness of the Council's criteria for approving investments, that a reduction in an institution's outlook from stable would lead to its removal from the counterparty list.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £127m cannot be assessed generally, as the risk of any institution failing to make interest payments or repay principal sums will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of recoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2023 that this was likely to crystallise.

The following table summarises the Council's exposure to credit risk at the Balance Sheet date, analysed by credit ratings as they were at the time of making the investment. Figures shown represent the actual investment made and therefore exclude accrued interest. They also include that part of Cash and Cash Equivalents that is represented by sums held in Bank Call Accounts.

<b>31 March 2022 £000</b>	<b>Institution</b>	<b>Rating</b>	<b>31 March 2023 £000</b>
15,000	Banks	AA F1+	11,450
20,000	Banks	AA- F1+	65,000
67,058	Banks	A+F1	50,010
15,000	Banks	A F1	540
10,000	Building Societies	A-F1	0
26	PFI Loan Stock	N/A	25
<b>127,084</b>	<b>Total</b>		<b>127,025</b>

The Council does not generally allow credit for customers, such that the sum for customers reflects the debtors the Council has with other Authorities and other bodies. Based on the information held within the Council's debtor system, and applying the Council's standard invoicing period, the past due amounts are detailed in the following table.

<b>31 March 2022* £000</b>		<b>31 March 2023* £000</b>
550	Less than three months	2,165
591	Three to six months	418
779	Six months to one year	855
2,324	Over one year	2,878
<b>4,244</b>	<b>Total</b>	<b>6,316</b>

\* Figures are based upon amounts past due after 28 days (standard payment terms).

The figures above are gross sums due. Provision for allowance of credit losses is made separately.

#### Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that sufficient liquid funds are available if needed. At the present time, the Council has ready access to borrowing from the PWLB and other sources, so 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 an amount of risk in terms of its exposure to interest rate movements on its investments and, to a lesser extent, on its borrowings. For example, a rise in interest rates would have the following effects:

- borrowing at fixed rates - the fair value of the liabilities borrowing will fall
- investments at variable rates - the interest income credited to the Comprehensive Income and Expenditure Statement will rise
- investments at fixed rates - the fair value of the assets will fall

Borrowings and investments are not carried at fair value, so nominal gains and losses on fixed rate borrowings and loans would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in the interest payable or receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. The Council is risk averse and seeks to minimise exposure arising from its treasury activities and does not undertake any unnecessary borrowing or investment activity. The Council seeks to manage its interest rate risk by constantly reviewing the ratio of borrowing and investments between fixed and variable interest rates.

The following table shows the impact on existing investments and borrowings had interest rates been 1% higher with all other variables being held constant.

2021-2022			2022-2023	
Financial Assets £000	Financial Liabilities £000		Financial Assets £000	Financial Liabilities £000
111,951	208,455	Fair Values at 31 March	116,894	128,971
111,482	164,397	Fair Values + 1%	116,894	106,962

The impact of a 1% fall in interest rates would be as above, but with the movements being reversed.

The following table shows the impact on the PFI liability and loan stock, had interest rates been 1% higher, with all other variables being held constant.

2021-2022			2022-2023	
PFI Loan Stock £000	PFI Liability £000		PFI Loan Stock £000	PFI Liability £000
26	38,466	Fair Values at 31 March	25	31,470
26	35,952	Fair Values + 1%	25	29,369

#### Price Risk

The Council does not invest in any instruments whereby it would be exposed to price risk arising from movements in market prices.

#### Foreign Exchange Risk

The Council does not have financial assets or liabilities denominated in foreign currencies and thus, has no exposure to loss arising from movements in exchange rates.

## 40. TRUST FUNDS

Eight Trust Funds were administered during the year which, in the main, consist of legacies left by individuals and are used mainly for educational, cultural and leisure purposes. The value of these Trust Funds at the Balance Sheet date was £0.278m (£0.313m at 31 March 2022).

## 41. CONTINGENT LIABILITIES

### Municipal Mutual Insurance (MMI)

The Council's previous insurers, MMI, ceased trading in 1992 and now exist solely to discharge obligations under policies previously issued. In 1994, a Scheme of Arrangement under the Companies Act 1985 was put in place, under which if the company became at risk of insolvency, it would be able to claw back the necessary percentage of the claims it had paid out since the commencement of the scheme.

### General Insurance

The adequacy of the Council's insurance provision is reviewed annually, with independent expert opinion sought with regard to the level of this provision every two years. It is widely accepted that the risk profile of Local Authorities is such that there may be exposure to long tail claims, and settlements of claims may deviate from the original claims reserve. Such claims brought against the Council have the potential to be of a material value.

In addition, there is also uncertainty in respect of new and emerging claims, the nature of claims, and incidents incurred but not reported (IBNR), which may have significant financial implications.

#### Non-Domestic Rates Appeals

Provision has been made for costs potentially arising from successful appeals by Non-Domestic Ratepayers against the rateable values applied to their business properties. However, there remains significant uncertainty as to what the ultimate effect of these backdated appeals will be until they are fully settled by the Valuation Office Agency.

#### Part Time Workers

In June 2020, the Supreme Court granted The Harpur Trust permission to appeal a previous Court of Appeal decision (*Brazel v The Harpur Trust*) on the method of calculating holiday pay for part-year workers.

The appeal to the Supreme Court was heard in November 2021 and the Court's decision has been published in July 2022 but the impact on the Council remains uncertain and is subject to the total number of individual claims being lodged.

### **42. CASH FLOW STATEMENT – ADJUSTMENTS TO NET SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES FOR NON-CASH MOVEMENTS**

<b>2021-2022 £000</b>		<b>2022-2023 £000</b>
	<b>Non-current assets and assets held for sale</b>	
14,115	Depreciation and Impairment of Non-Current Assets	14,666
99	Amortisation of Intangible Assets	35
5,366	Impairments and Downward Valuations	2,488
8,140	Carrying amounts of Non-current Assets and Non-current Assets held for sale, sold or de-recognised	2,812
	<b>Current assets and current liabilities</b>	
15,558	Movement in Creditors	(9,390)
(3,054)	Movement in Debtors	(1,835)
1,774	Movement in Bad Debts Provision	2,507
336	Movement in Inventories	(162)
17,300	Movement in Pension Liability charged / credited to the Comprehensive Income and Expenditure Statement	39,827
309	<b>Other non-cash items charged to the net surplus or deficit on the provision of services</b>	(2,867)
<b>59,943</b>	<b>Total</b>	<b>48,081</b>

**43. CASH FLOW STATEMENT - ADJUSTMENTS FOR ITEMS INCLUDED IN THE NET SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES THAT ARE INVESTING AND FINANCING ACTIVITIES**

<b>2021-2022 £000</b>		<b>2021-2022 £000</b>
(99)	Proceeds from the Sale of Non-Current Assets	(2,023)
3,831	Revenue Expenditure Funded from Capital Under Statute	5,324
(790)	Investment Properties Net Income	(689)
(16,653)	Any other items for which the cash effects are investing or financing cash flows	(34,186)
<b>(13,711)</b>	<b>Total</b>	<b>(31,574)</b>

**44. CASH FLOW STATEMENT - NET CASH FLOWS FROM OPERATING ACTIVITIES**

<b>2021-2022 £000</b>		<b>2022-2023 £000</b>
	<b>Cash Outflows</b>	
(140,502)	Cash Paid to and on Behalf of Employees	(143,603)
(48,593)	Housing Benefit Paid Out	(44,938)
(329)	Precepts Paid	(335)
(197,622)	Cash Paid to Suppliers of Goods and Services	(211,244)
(7,330)	Interest Paid	(7,182)
(82,134)	Other Payments for Operating Activities	(67,363)
<b>(476,510)</b>	<b>Total Cash Outflows</b>	<b>(474,665)</b>
	<b>Cash Inflows</b>	
127,521	Taxation	133,154
292,492	Grants	255,972
40,946	Sales of Goods and Rendering of Services	46,021
928	Interest Received	1,664
37,858	Other Receipts from Operating Activities	30,429
<b>499,745</b>	<b>Total Cash Inflows</b>	<b>467,240</b>
<b>23,235</b>	<b>Net Cash Flow from Operating Activities</b>	<b>(7,425)</b>



#### 45. CASH FLOW STATEMENT - INVESTING ACTIVITIES

2021-2022 £000		2022-2023 £000
	<b>Cash Outflows</b>	
(29,134)	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(39,960)
(11,313)	Purchase of Short Term and Long-Term Investments	1,030
(3,830)	Other Payments for Investing Activities	(5,324)
<b>(44,277)</b>	<b>Total Cash Outflows</b>	<b>(44,254)</b>
	<b>Cash Inflows</b>	
94	Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	2,204
139	Proceeds from Sale of Short Term and Long-Term Investments	181
16,042	Other Receipts from Investing Activities	24,253
<b>16,275</b>	<b>Total Cash Inflows</b>	<b>26,638</b>
<b>(28,002)</b>	<b>Net Cash flow from Investing Activities</b>	<b>(17,616)</b>

#### 46. CASH FLOW STATEMENT - FINANCING ACTIVITIES

2021-2022 £000		2022-2023 £000
	<b>Cash Outflows</b>	
(4,022)	Repayments of Short Term and Long-Term Borrowing	(4,111)
<b>(4,022)</b>	<b>Total Cash Outflows</b>	<b>(4,111)</b>
	<b>Cash Inflows</b>	
22,170	Cash Receipts of Short Term and Long-Term Borrowing	-
427	Other Receipts for Financing Activities	(117)
<b>22,597</b>	<b>Total Cash Inflows</b>	<b>(117)</b>
<b>18,575</b>	<b>Net Cash Flow from Financing Activities</b>	<b>(4,228)</b>

The reconciliation of liabilities arising from financing activities is included in the following table.

	Balance at 1 April 2022 £000	Financing Cash Flows £000	Non-Cash Changes £000	Balance at 31 March 2023 £000
Long-term borrowings	137,521	(12)	-	137,509
Short-term borrowings	4,435	(3,112)	-	1,323
Transferred Debt	1,106	(277)	-	829
On Balance Sheet PFI Liabilities	21,460	(710)	-	20,750
<b>Amounts included as part of Debtor/Creditor balances:</b>				
Amounts owed to/from Collection Fund preceptors	(424)	(117)	-	(541)
<b>Total Liabilities from Financing Activities</b>	<b>164,098</b>	<b>(4,228)</b>	<b>-</b>	<b>159,870</b>

# COLLECTION FUND STATEMENT

The Collection Fund is a statutory account introduced under the Local Government Finance Act 1988. The Statement shows the transactions of the billing authority in relation to collection of Council Tax and Non-Domestic Rates from local taxpayers and distribution to local authorities.

2021-2022				2022-2023	
Notes	Council Tax £000	Non-Domestic Rates £000		Council Tax £000	Non-Domestic Rates £000
4	102,525	47,119	<b>Income</b>	106,063	51,246
	-	(945)	Income from Council Taxpayers and Non-Domestic Ratepayers	-	(451)
	392	20,823	Transitional Protection Payments	402	8,433
			Contribution to/(from) previous year's Estimated Collection Fund Deficit/(Surplus)		
	<b>102,917</b>	<b>66,997</b>	<b>Total Income</b>	<b>106,465</b>	<b>59,228</b>
			<b>Expenditure</b>		
			<u>Precepts and Demands</u>		
	82,551	50,688	St Helens Borough Council	86,984	47,426
	11,821	-	Police & Crime Commissioner for Merseyside	12,628	-
	4,271	512	Merseyside Fire & Rescue Authority	4,456	479
	990	-	Liverpool City Region Combined Authority	1,013	-
	-	186	Non-Domestic Rates Cost of Collection	-	184
			<u>Movement in Bad and Doubtful Debts</u>		
	2,579	(373)	Provisions	2,345	229
	279	470	Write-Offs	69	552
	-	(411)	Provision for Appeals	-	2,722
	<b>102,491</b>	<b>51,072</b>	<b>Total Expenditure</b>	<b>107,495</b>	<b>51,592</b>
	<b>426</b>	<b>15,925</b>	<b>Movement on Fund Balance</b>	<b>(1,030)</b>	<b>7,636</b>
	<b>(1,202)</b>	<b>(21,777)</b>	<b>Surplus/(Deficit) Balance brought forward</b>	<b>(776)</b>	<b>(5,852)</b>
	<b>(776)</b>	<b>(5,852)</b>	<b>Surplus/(Deficit) Balance carried forward</b>	<b>(1,806)</b>	<b>1,784</b>

The deficit balances brought forward for Non-domestic Rates are due, in the main, to the reliefs awarded to retail, hospitality and leisure businesses to support them through the pandemic. These reliefs were funded by DLUHC through grants paid to the Council under Section 31 of the Local Government Act. The funding was transferred to the Council's earmarked reserves and used to offset those Collection Fund deficits when they become chargeable to the Council's general fund.

# NOTES TO THE COLLECTION FUND STATEMENT

## 1. MEMORANDUM COLLECTION FUND BALANCE SHEETS

A separate Collection Fund Balance Sheet is not mandatory. Assets and liabilities are consolidated with other accounts of the authority (see Balance Sheet in the Core Financial Statements). However, this note is included to provide a better understanding of the debtor and creditor relationships for both Council Tax and Non-Domestic Rates.

### (i) Non-Domestic Rates

2021-2022					2022-2023			
Total £000	Central Government £000	St Helens Borough Council £000	Fire & Rescue Authority £000		Total £000	Central Government £000	St Helens Borough Council £000	Fire & Rescue Authority £000
9,551	-	9,456	95	Non-Domestic Rates Arrears	9,953	-	9,853	100
(7,734)	-	(7,657)	(77)	Provision for Bad Debt	(7,963)	-	(7,883)	(80)
(12,073)	-	(11,952)	(121)	Provision for Appeals	(11,490)	-	(11,375)	(115)
(1,257)	-	(1,245)	(12)	Prepaid Non-Domestic Rates	(1,275)	-	(1,262)	(13)
5,852	-	5,794	58	Collection Fund (Surplus)/Deficit	(1,784)	-	(1,766)	(18)
(554)	(554)	-	-	Transitional Protection Payment	(451)	(451)	-	-
6,215	554	5,604	57	Cash	13,010	451	12,433	126
-	-	-	-	<b>Total</b>	-	-	-	-

The Council continued to participate in the Liverpool City Region Business Rates Retention scheme in 2022-2023. Under the terms of the scheme, the Council retains 99% of its Non-Domestic Rates, with 1% passed to Merseyside Fire & Rescue Authority. This contrasts to the 49% retention rate prior to the existence of the scheme in 2016-2017.

(ii) Council Tax

2021-2022						2022-2023				
Total £000	St Helens Borough Council £000	Police & Crime Comm. £000	Fire & Rescue Authority £000	Combined Authority £000		Total £000	St Helens Borough Council £000	Police & Crime Comm. £000	Fire & Rescue Authority £000	Combined Authority £000
23,916	19,817	2,836	1,026	237	Council Tax Arrears	26,811	22,194	3,222	1,137	258
(16,688)	(13,828)	(1,979)	(716)	(165)	Provision for Bad Debt	(19,034)	(15,756)	(2,288)	(807)	(183)
(1,962)	(1,625)	(233)	(84)	(20)	Prepaid Council Tax	(3,088)	(2,556)	(371)	(131)	(30)
776	643	91	34	8	Collection Fund (Surplus)/Deficit	1,806	1,495	216	77	18
(6,042)	(5,007)	(715)	(260)	(60)	Cash	(6,495)	(5,377)	(779)	(276)	(63)
-	-	-	-	-	<b>Total</b>	-	-	-	-	-

## 2. INCOME FROM COUNCIL TAX

### Calculation of the Council Tax Base

Council Tax derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council for the forthcoming year and dividing this by the Council Tax base (i.e. the equivalent numbers of Band D dwellings).

The Council Tax base for 2022-2023 was 53,290 (52,080 in 2021-2022) calculated as follows.

Band	Estimated No. of Taxable Properties after Discounts	Ratio	Band D Equivalent Dwellings
A	37,635	6/9	25,090
B	19,114	7/9	14,866
C	15,538	8/9	13,812
D	6,921	9/9	6,921
E	3,648	11/9	4,459
F	1,665	13/9	2,405
G	582	15/9	970
H	36	18/9	72
	<b>85,139</b>		<b>68,595</b>
Less: Anticipated changes during the year for successful appeals against valuation banding, new properties, demolitions, disabled persons relief and exempt properties			(6,463)
Less: Local Council Tax Support Discount			(7,363)
			<b>54,769</b>
Less: Adjustment for collection rates			(1,479)
<b>Total Band D Equivalent</b>			<b>53,290</b>

The Council Tax for Band D dwellings for the Council and major precepting authorities was £1,965.57.

## 3. INCOME FROM NON-DOMESTIC RATEPAYERS

The Council collects Non-Domestic Rates for its area based on local rateable values determined by the Valuation Office Agency. A national revaluation came into effect in England and Wales on 1 April 2017 based on rateable values from 1 April 2015.

2021-2022		2022-2023
£132.5m	NDR Rateable Value for the area as at 31 March	£132.6m
51.2p	Standard NDR Multiplier	51.2p
49.9p	Small Business Rate Relief Multiplier	49.9p



**4. CONTRIBUTION TO/(FROM) PREVIOUS YEAR'S ESTIMATED COLLECTION FUND DEFICIT/(SURPLUS)**

These estimates are statutorily calculated on 15 January each year and must be used in calculating budget requirement.

<b>2021-2022 £000</b>	<b>Council Tax</b>	<b>2022-2023 £000</b>
325	St Helens Borough Council	333
46	Police & Crime Commissioner for Merseyside	47
17	Merseyside Fire & Rescue Authority	18
4	Liverpool City Region Combined Authority	4
<b>392</b>	<b>Total</b>	<b>402</b>

<b>2021-2022 £000</b>	<b>Non-Domestic Rates</b>	<b>2022-2023 £000</b>
20,615	St Helens Borough Council	8,349
208	Merseyside Fire & Rescue Authority	84
<b>20,823</b>	<b>Total</b>	<b>8,433</b>

# GLOSSARY OF FINANCIAL TERMS

## ACCOUNTING POLICIES

Those specific principles, bases, conventions, rules and practices applied that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- (i) recognising;
- (ii) selecting measurement bases for; and
- (iii) presenting assets, liabilities, gains, losses and changes to reserves

## ACCRUALS

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

## AGENT/AGENCY

Where the authority is acting as an intermediary, as opposed to on its own behalf.

## AMORTISATION

The accounting technique of recognising a cost or item of income in the Comprehensive Income and Expenditure Statement or the Movement in Reserves Statement over a period of years rather than when the initial payment is made. Its purpose is to charge/credit the cost/income over the accounting periods that gain benefit for the respective item. The technique is supported by relevant accounting policies and practices.

## AMORTISED COST

A method of determining the Balance Sheet carrying amount and periodic charges to the Comprehensive Income and Expenditure Statement of a financial instrument based on the expected cash flows of that instrument.

## CAPITAL EXPENDITURE

Expenditure on the acquisition or enhancement of a non-current asset or capital advances and loans to other individuals or other third parties.

## CAPITAL FINANCING REQUIREMENT (CFR)

Introduced as a result of the Prudential Framework for Capital Accounting and measures the underlying need of the authority to borrow for expenditure of a capital nature.

## CAPITAL RECEIPTS

The proceeds from the sale of capital assets or repayment of capital advances which, subject to various limitations can be used to finance Capital Expenditure, invested, or to repay outstanding debt on assets originally financed through borrowing.

## CARRYING AMOUNT

The amount at which an asset is recognised after deducting any accumulated depreciation and impairment losses.

## CASH EQUIVALENTS

Short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value.

## **CASH FLOWS**

Inflows and outflows of cash and cash equivalents.

## **COLLECTION FUND**

The Collection Fund is a separate statutory fund under the provisions of the Local Government Finance Act 1988. It shows the transactions in relation to Non-Domestic Rates, any residual Community Charge and Council Tax, and illustrates the way in which these have been distributed to precepting Authorities and the Council's General Fund.

## **CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)**

CIPFA is the leading professional accountancy body for public services, and uniquely among the professional accounting bodies in the UK, CIPFA has responsibility for setting accounting standards, for a significant part of the economy, namely Local Government.

## **COMMUNITY ASSETS**

Assets that the Local authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples include parks and public open spaces.

## **CONDITIONS**

Stipulations that specify that the future economic benefits or service potential in an asset are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

## **CONTINGENT LIABILITY**

A condition which exists at the Balance Sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events. Where a material loss can be estimated with reasonable accuracy, a contingent liability is accrued in the financial statements. If, however, a loss cannot be accurately estimated or the event is not considered sufficiently certain, it will be disclosed in a note to the Balance Sheet.

## **COUNCIL TAX**

A property-based tax levied on all domestic properties in the Borough. The bandings (and resultant sums due) are based on independent assessed property values. The Council sets levels of Council Tax on an annual basis under relevant statutory provisions.

## **COVID-19**

Covid-19 is a disease caused by SARS-CoV-2, the coronavirus that emerged in December 2019. Covid-19 can be severe and has caused millions of deaths around the world as well as lasting health problems in many people who have survived the illness.

## **CREDITORS**

Financial liabilities arising from the contractual obligation to pay cash in the future for goods or services or other benefits that have been received or supplied.

## **CREDIT RISK**

The possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss to the other party.

## **CURRENT SERVICE COST (PENSIONS)**

The increase in the present value of liabilities resulting from employee service in the period.

## **CURTAILMENT (PENSIONS)**

An event that reduces the expected years of future service of present employees or reduces, for a number of employees, the accrual of defined benefits for some or all of their future service. Curtailments include:

- (i) termination of employees' services earlier than expected, for example as a result of closing or discontinuing a segment of a business; and
- (ii) termination of, or amendment to the terms of, a defined benefit plan so that some or all future service by current employees will no longer qualify for benefits, or will qualify only for reduced benefits

## **DEBTORS**

Financial assets arising from the obligation to a future cash receipt for goods or services, or other benefits that have been delivered or provided.

## **DEFINED BENEFIT PLAN**

A pension or other retirement benefit plan other than a defined contribution plan. Usually, the plan rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the plan. The plan may be funded or un-funded (including notionally funded).

## **DEFINED CONTRIBUTION PLAN**

A pension or other retirement benefit plan into which an employer pays regular contributions, fixed as an amount or as a percentage of pay, and will have no legal or constructive obligation to pay further contributions if the fund does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

## **DEPRECIATED REPLACEMENT COST (DRC)**

A method of valuation which provides the current cost of replacing an asset with its modern equivalent, less deductions for all physical deterioration and all relevant forms of obsolescence.

## **DEPRECIATION**

The measure of the wearing out, consumption or other reduction in the useful life of a non-current asset over its useful economic life.

## **DISCOUNT RATE (PENSIONS)**

Discounting is used to reflect the value of estimated future pension payments and express them in 'present day' terms. In accordance with accounting standards, the discount rate used is based on the yields of high quality corporate bonds of currency and term appropriate to the currency and term of the pension scheme liabilities.

## **DISCRETIONARY BENEFITS**

Retirement benefits which the employer has no legal, contractual or constructive obligation to award, and which are awarded under the authority's discretionary powers.

## **ESTIMATION TECHNIQUES**

The methods adopted by an entity to arrive at estimated monetary amounts, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes to reserves.

## **EXISTING USE VALUE (EUV)**

The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion, and assuming that the buyer is granted vacant possession of all parts of the property and disregarding potential

alternative uses and any other characteristics that would cause its market value to differ from that needed to replace the remaining service potential at least cost.

## **FAIR VALUE**

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction, less, where applicable, any grants receivable towards the purchase or use of the asset.

## **FINANCIAL INSTRUMENT**

A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term covers both financial assets and financial liabilities and includes both the most straightforward financial assets such as trade receivables (debtors) and trade payables (creditors) and more complex ones such as derivatives. Typical financial instruments include:

- (i) Liabilities
  - Trade payables
  - Borrowings
- (ii) Assets
  - Bank deposits
  - Trade receivables
  - Loans receivable
  - Investments

Amounts relating to Council Tax, Non-Domestic Rates, Government Grants are outside the scope of financial instrument accounting provisions as they are statutory issues, not arising from contracts.

## **FINANCE LEASE**

A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee, with the asset then recognised in the lessee's Balance Sheet.

## **FINANCING ACTIVITIES**

Activities that result in changes to the size and composition of the principal, received from or repaid to, external providers of finance.

## **GENERAL FUND**

The primary revenue account which records the cost of providing the majority of the Council's services.

## **GOING CONCERN**

An assumption that the functions of the authority will continue in operational existence for the foreseeable future.

## **GOVERNMENT GRANTS AND CONTRIBUTIONS**

Assistance in the form of cash or transfers of resources to the Council in return for past or future compliance with certain conditions relating to the operation of activities.

## **HERITAGE ASSETS**

Assets that are held by the Council principally for their contribution to knowledge, understanding and appreciation of the Borough's history and/or culture.

## **HISTORICAL COST**

Deemed to be the carrying amount of an asset as at 1 April 2007 or at the date of acquisition, whichever date is the later, and adjusted for subsequent depreciation or impairment (if applicable).

## **IMPAIRMENT**

A reduction in the value of a non-current asset below its carrying amount on the Balance Sheet.

## **INFRASTRUCTURE ASSETS**

Non-current assets which generally cannot be sold and from which benefit can be obtained only by continued use of the asset created. Examples of such assets include bridges, roads, street lighting, traffic management systems and footpaths.

## **INTANGIBLE ASSET**

Assets that do not have physical substance but are identifiable and controlled by the Council- for example, software licences.

## **INTEGRATED PROVISION**

An arrangement permissible under the Health Act 1999 and National Health Service Act 2006 that allows partner organisations, including Local Authorities, Primary Care Trusts and NHS Trusts to work within one management structure, and in doing so increasing the ability to join up services and provide seamless services for service users.

## **INTEREST ON PLAN ASSETS (PENSIONS)**

The annual investment return on the fund assets based on an average of the expected long-term return.

## **INTEREST ON PLAN LIABILITIES (PENSIONS)**

The expected increase during the period in the present value of liabilities as the benefits move one year closer to being paid.

## **INVENTORIES**

The amount of unused or unconsumed stocks held in expectation of future use or resale.

## **INVESTING ACTIVITIES**

The acquisition and disposal of long-term assets and other investments not included in cash equivalents.

## **INVESTMENT PROPERTIES**

Property, which can be land or a building or part of a building or both, that is held solely to earn rentals and/or for capital appreciation, rather than for operational purposes.

## **LIABILITIES**

Amounts due to third parties which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

## **LIQUIDITY RISK**

The possibility that one party will be unable to raise funds to meet its commitments associated with financial instruments.



## **MARKET RISK**

The possibility that the value of a financial instrument will fluctuate because of changes in interest rates, market prices, foreign currency exchange rates, etc.

## **MARKET VALUE**

The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

## **MATERIAL/MATERIALITY**

Omissions or misstatements are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.

## **NET BOOK VALUE**

The amount at which non-current assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amount provided for depreciation.

## **NET REALISABLE VALUE**

The open market value of an asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

## **NATIONAL NON-DOMESTIC RATES (NNDR)**

These are often referred to as Business Rates and are a levy on business properties based on a national rate in the pound applied to the 'rateable value' of the property. The Government determines that national rate poundage, Local Authorities collect the sums due, with distribution made in accordance with rules governing the Non-Domestic Rates retention scheme.

## **NON-CURRENT ASSETS**

Assets that yield benefits to the Local authority and the services it provides for a period of more than one year.

## **NON-OPERATIONAL ASSETS**

Non-current assets held by a Local authority but not directly occupied, used or consumed in the delivery of services, or for the service or strategic objectives of the authority.

## **OPERATING ACTIVITIES**

Activities of the authority that are not investing or financing activities.

## **OPERATING LEASES**

A lease that does not transfer substantially all of the risks and rewards of ownership of a non-current asset to the lessee. The asset is recognised on the lessor's Balance Sheet.

Expenditure financed by operating leasing does not count against capital allocations.

## **PAST SERVICE COST/GAIN (PENSIONS)**

The increase or reduction in the present value of liabilities arising from decisions in the period whose effect relates to years of service earned in earlier periods.

## **PLAN LIABILITIES (OR PLAN DEFINED BENEFIT OBLIGATIONS)**

The liabilities of a defined benefit plan for outgoings due after the valuation date. Plan liabilities measured using the projected unit credit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

## **POOLED BUDGET**

Arrangement permissible under the Health Act 1999 and National Health Service Act 2006 that provides an opportunity for partners to bring money together, in a discrete fund, to pay for the services that are an agreed part of the pooled fund arrangement for the client group who are to benefit from one or all of the services. Organisations will agree at the outset the range of Health and Local Government services to be purchased and provided from a pooled fund.

## **PRECEPT**

This is a charge levied by one public authority on the Council in order to finance its net expenditure. The precept is then collected on the preceptor's behalf by the Council by adding the precept to its own Council Tax and paying over the appropriate cash collected.

## **PRICE RISK**

The risk that the value of financial instruments will fluctuate as a result of changes in market prices.

## **PRINCIPAL**

Where the authority is acting on its own behalf, as opposed to as an intermediary on behalf of another party.

## **PROPERTY, PLANT AND EQUIPMENT**

Tangible assets (i.e. assets that have physical substance) that are held for use in the production or delivery of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one year.

## **PROJECTED UNIT CREDIT (ACTUARIAL COST) METHOD**

An accrued benefits valuation method in which the plan's liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the plan liabilities at the valuation date relate to:

- (i) the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing, where appropriate, for future increases; and
- (ii) the accrued benefits for members in service on the valuation date

## **PROVISIONS**

A liability of uncertain timing or amount.

## **REFCUS (REVENUE EXPENDITURE FINANCED FROM CAPITAL UNDER STATUTE)**

Expenditure that is classified as revenue in accordance with proper accounting practices, but which statute determines may be financed by Capital sources of funding.

## **RELATED PARTIES**

Related parties are those individuals and entities that the Council either has the potential to influence or control (or be influenced or controlled by). Related parties include Central Government, other bodies' precepting or levying demands on the Council Tax, its members and

its senior officers.

## RELATED PARTY TRANSACTION

A related party transaction is the transfer of assets or liabilities or the performance of services by, to, or for, a related party irrespective of whether a charge is made. Related party transactions include the provision of services to a related party.

The materiality of related party transactions should be judged not only in terms of their significance to the authority, but also in relation to its related party.

## REMEASUREMENT GAINS / LOSSES (PENSIONS)

The changes in estimated assets and liabilities, assessed by the actuary and arising because:

- (i) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- (ii) the actuarial assumptions have changed

## REMUNERATION

The Accounts and Audit Regulations 2015 require the disclosure of amounts paid to Officers, and define remuneration as:

*‘.....all amounts paid to or receivable by a person, and includes sums due by way of expense allowance (so far as those sums are chargeable to United Kingdom income tax), and the estimated money value of any other benefits received by an employee otherwise than in cash.’*

## RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either:

- (i) an employer's decision to terminate an employee's employment before the normal retirement date; or
- (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees

## REVENUE EXPENDITURE

This is money spent on the day-to-day running costs of providing services and includes salaries, goods and services. It is often of a recurring nature and produces no permanent asset.

## SENIOR EMPLOYEES

Senior employees are defined under the Local Government and Housing Act 1989. Within St Helens this is deemed to be the Chief Executive, Executive Directors, the person designated as the statutory Monitoring Officer of the Council and the officers holding the posts of Director of Children and Young People Services, Director of Adult Social Services and Director of Public Health. The former post of Assistant Chief Executive was also deemed to be that of a senior employee.

## SETTLEMENT (PENSIONS)

An irrevocable action that relieves the employer of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlement includes the transfer of scheme assets and liabilities relating to a group of employees leaving the authority's scheme.

## **TERMINATION BENEFITS**

Amounts payable as a result of either:

- (i) an employer's decision to terminate an employee's employment before the normal retirement date; or
- (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits

## **USEFUL LIFE**

The period over which the Local authority will derive benefits from the use of a non-current asset.



**ST HELENS**  
BOROUGH COUNCIL

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