



Committee and Date

Audit Committee
22nd June 2023

Item

Public



Approval of the Council's Draft Statement of Accounts 2022/23

Responsible Officer:	James Walton		
email:	james.walton@shropshire.gov.uk	Tel:	01743 258915
Cabinet Member (Portfolio Holder):	Cllr Gwilym Butler, Finance & Corporate Support		

1. Synopsis

The deadline for producing pre-audit accounts is earlier in this year, having been moved from 30th June to 31st May. Despite this, the Council has produced its accounts by the deadline and confirmed the financial position at the end of 2022/23.

2. Executive Summary

2.1. The Accounts and Audit (amendment Regulations 2022 came into force on 22nd July 2022 and revised the statutory deadline for publishing the final audited accounts to 30th September for 2022/23 accounts and the following 5 years. Therefore the deadline for publishing unaudited accounts has reverted back to the 31st May for the 2022/23 accounts. This has brought the deadline for publishing unaudited accounts forward 2 months from the 2021/22 timetable. The table below summarises the key deadlines with regards to preparing and approval of the Statement of Accounts:

Task	Responsible Organisation	Deadline
Year end	N/A	31 st Mar 2023
Produce and approve Draft Accounts	Local Authority	31 st May 2023 Complete (31st May 2023)
External Audit carried out	External Audit	19 th Jun – 30 Sep 2023 (Not yet started)
Approve and Publish Audited Accounts	External Audit / Local Authority	30 th Sep 2023 (Awaiting confirmation from Grant Thornton)

2.2. The Draft Statement of Accounts for 2022/23 is appended to this report. This report provides an overview of the Accounts and provides details of the reasons for the most significant changes between the 2021/22 Accounts and the 2022/23 Accounts.

2.3 The final revenue outturn for 2022/23 is an overspend of £8.499m, a 1.4% variance on the gross budget. The final capital outturn shows a spend of £100.365m, representing 90.3% of the revised budget. The authority's Earmarked Reserves and Provisions have decreased by £31.697m and the general fund balance has decreased by £4.429m. Delegated Schools' balances have increased by £2.296m. Full details of the revenue and capital outturn position and the reserves, provisions and balances held by the authority are set out in a separate report on the agenda for this meeting.

3. Recommendations

3.1. Members are asked to receive and comment on the 2022/23 Draft Statement of Accounts.

Report

4. Risk Assessment and Opportunities Appraisal

4.1 Details of the potential risks affecting the balances and financial health of the Council are detailed within the report.

4.2 The review by an independent external auditor of the Council's statements of accounts is a vital part of the overall governance of the Council, providing as it does a review of both the accuracy of the reported financial position and the adequacy of the Council's governance and oversight of it. Given the level of financial pressure the Council is currently facing, it is essential that all the outstanding statements of account can be concluded upon as soon as possible to provide the necessary assurances on the adequacy of the Council's management arrangements.

5. Financial Implications

5.1 This report considers the outturn position for the 2022/23 revenue budget and the implications on the level of general fund balances of any underspend or known spending pressures.

5.2 The outturn reported internally to managers for the purposes of decision making is fully aligned to the statement of accounts. This is set out in note 6, the expenditure and funding analysis (p53). This shows the net expenditure reported for resource management purposes as £233.155m, which aligns to the outturn as reported to Cabinet (7 June). The key table from that report is shown below.

Directorate	Revised Budget (£'000)	Controllable Outturn (£'000)	(Under) / Overspend (£'000)
People	195,734	209,655	13,921
Place	70,157	75,263	5,106
Strategic Management	33	0	(33)
Health and Wellbeing	2,332	2,025	(307)
Resources	6,622	4,639	(1,983)
Service delivery budgets	274,878	291,582	16,704
Corporate Budgets	(50,262)	(58,467)	(8,205)
Total	224,616	233,115	8,499

Figure 1 - Outturn for management decision making

The corresponding values in note 6 (accounts, p.53) are shown below.

Net expenditure reported for resource management	
£000	
Health and Wellbeing	2,025
Local Authority Housing	0
People	209,655
Place	75,263
Resources	4,639
Strategic Management Board	0
Corporate	(58,467)
Net Cost of Services	233,115

Figure 2 - Note 6 to the 2022/23 draft Accounts

6. Climate Change Appraisal

6.1 This report does not directly make decisions on energy and fuel consumption; renewable energy generation; carbon offsetting and mitigation; or on climate change adaptation. Therefore, no effect to report.

7. Background

- 7.1. The external audit by Grant Thornton is due to start on 19th June 2023 and the bulk of the fieldwork is due to be complete in late September, after which the Statement of Accounts will be formally published, and a final report brought back to Audit Committee for approval. This report will detail any material changes required as a result of the audit as agreed with the External Auditor.
- 7.2. There have been a number of external factors affecting the ability of Grant Thornton (GT) to sign off the accounts for 2020/21 and 2021/22, so there are now 2 sets of accounts to be concluded upon. It is expected the 2020/21 accounts can be concluded very shortly, and GT have indicated that the final position for 2021/22 can be concluded in the coming weeks. This would provide much needed independent assurance on the accuracy of the accounts and confirm the overall financial position of the council.

8. Statement of Accounts

- 8.1 The purpose of the Statement of Accounts is to give electors, those subject to locally levied taxes and charges, Members of the Authority, employees and other interested parties clear information about the Authority's finances. The format of the Statement of Accounts is governed by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ("the Code") issued by the Chartered Institute of Public Finance and Accountancy. To make the account as useful as possible to its audience and to make meaningful comparisons between authorities possible the Code requires:
- All Statement of Accounts to reflect a common pattern of presentation, although at the same time not requiring them to be identical.
 - Interpretation and explanation of the Statement of Accounts to be provided.
 - The Statement of Accounts and supporting notes to be written in plain language.
- 8.2 The Code is updated each year to reflect the latest accounting standards issued by the International Public Sector Accounting Standards Board and the UK Financial Reporting Council. For 2022/23, there have only been minor changes to some of the requirements within the standards.
- 8.3 All of the above has been taken into consideration when producing the authority's Draft Statement of Accounts. These accounts comprise various sections and statements, these are all briefly explained below:
- 8.4.1 **Narrative Report** – this provides an explanation of the authority's financial position for 2022/23 and details the performance of the Council during the financial year.
- 8.4.2 **The Statement of Responsibilities** – this details the responsibilities of the authority and the Section 151 Officer concerning the authority's financial affairs and the actual Statement of Accounts.
- 8.4.3 **The Audit Opinion and Certificate** – this is provided by the External Auditor following the completion of the annual audit, this document is therefore awaiting completion pending the outcome of the audit.

8.4.4 **The Core Financial Statements**, which comprises:

- **The Movement in Reserves Statement** – this shows the movement in the year on the different reserves held by the authority which is analysed into 'usable reserves' and other reserves.
- **The Comprehensive Income and Expenditure Statement** – this is fundamental to the understanding of a Council's activities. It brings together all the functions of the Council and summarises all of the resources that the Council has generated, consumed or set aside in providing services during the year. As such, it is intended to show the true financial position of the Council, before allowing for the concessions provided by statute to raise council tax according to different rules and for the ability to divert particular expenditure to be met from capital resources. The 2022/23 Comprehensive Income and Expenditure Statement reports a surplus for the year of £390.020m, however, this is not cash as this takes into account a number of significant theoretical amounts for matters relating to pensions and use of assets. The actual movement on the General Fund Balance was a decrease of £4.429m which has occurred due to the year-end overspend on the revenue budget.
- **The Balance Sheet** – this is fundamental to the understanding of the authority's financial position as at the 31 March 2023. It shows the balances and reserves at the authority's disposal, long term liabilities and the fixed and net current assets employed in its operations, together with summarised information on the fixed assets held. The authority's total equity amounts to £713.019m, an increase of £390.020m which is analysed in the Movement in Reserves Statement. The major swing on the balance sheet has been a reduction in the Pension Reserve/Liability by £384m due to changes in assumptions used on measuring pension liabilities.
- **The Cash Flow Statement** - this consolidated statement summarises the authority's inflows and outflows of cash and cash equivalents arising from transactions with third parties for revenue and capital purposes. Cash is defined for the purpose of this statement, as cash in hand and deposits repayable on demand less overdrafts repayable on demand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash.

8.4.5 **The Notes to the Core Financial Statements**, which provides supporting and explanatory information on the Core Financial Statements and includes the Council's accounting policies.

8.4.6 **The Group Accounts** – these are prepared to account for the Council's share in Shropshire Towns & Rural Housing, West Mercia Energy, West Mercia Supplies Pension, SSC No.1 Limited and Cornovii Developments Limited.

8.4.7 **The Housing Revenue Account (HRA)** – the authority is required to account separately for local authority housing provision, as defined in the Local Government and Housing Act 1989 (Amended). The account details the

income and expenditure relating to the local authority housing provision and details of the movement on the HRA Balance for the year.

8.4.8 **The Collection Fund Account** – this account shows the transactions of the billing authority in relation to non-domestic rates and the council tax and illustrates how these have been distributed to preceptors and the General Fund.

8.4.9 **The Pension Fund Accounts** – the Shropshire County Pension Fund is administered by this Authority, however, the pension fund has to be completely separate from the Authority's own finances. The statement and supporting notes are an extract from the pension fund annual report and summarises the financial position of the Shropshire County Pension Fund, including all income and expenditure for 2022/23 and assets and liabilities as at 31 March 2023.

8.5 The Draft Statement of Accounts for the year ended 31 March 2023 has been prepared in accordance with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ("the Code") issued by the Chartered Institute of Public Finance and Accountancy.

9. Accounting Policies

9.1 The accounting policies that the Council uses to determine the treatment of items within the Statement of Accounts are detailed in Note 1 to the Core Financial Statements. There have been no significant changes to the Council's accounting policies in 2022/23 to those used in the 2021/22 Statement of Accounts.

10. Analytical Review

10.1 An analytical review has been carried out on each element of the Draft Statement of Accounts, this is a final check that provides assurance that the Statement of Accounts is free of material errors and misstatements. The analytical review focuses on figures within the Statement of Accounts that have changed materially when compared with the previous year's accounts. For 2022/23 the materiality threshold (i.e. the level of change between 2021/22 and 2022/23) used was 10% or £8m, which is used to ensure that all questions that the external auditors are likely to raise have been reviewed and explanations are readily available. Details of the significant changes between the two years are shown in Appendix 2.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Outturn report – Cabinet, 7 June 2023 - [Date \(shropshire.gov.uk\)](https://www.shropshire.gov.uk)

Draft accounts on website - [annual accounts \(shropshire.gov.uk\)](https://www.shropshire.gov.uk)

Local Member: *All*

Appendices [Please list the titles of Appendices]

1. Draft Statement of Accounts 2022/23 (Unaudited)
2. Analytical Review of Statement of Accounts

Analytical Review of Shropshire Council's Statement of Accounts for 2022/23

1. The analytical review for 2022/23 highlighted a number of areas where there were material changes (Variances over £8m or over 10%), the most significant are detailed below along with an explanation of why these changes have occurred:

- Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – Health and Wellbeing**

	2022/23	2021/22	Decrease (Value)	Decrease
	£000	£000	£000	%
Income	(15,559)	(23,768)	(8,209)	35

Income within Health & Wellbeing has decreased by £8.209m. In 2021/22 there was an increase in income due to the release of the COMF grant relating to the COVID-19 pandemic. This grant is no longer in place and so overall the income has reduced.

- Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – Local Authority Housing**

	2022/23	2021/22	Increase (Value)	Increase
	£000	£000	£000	%
Expenditure	3,386	(5,001)	8,387	(168)

A £19.5m revaluation increase was recognised in revenue in 2021/22 as a result of the increase in the valuation of the HRA dwellings stock following their annual valuation review, this was credited to revenue as losses have been recognised here in previous years. The equivalent revaluation increase for 2022/23 was £12.1m.

- Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – People**

	2022/23	2021/22	Increase (Value)	Increase
	£000	£000	£000	%
Expenditure	454,862	390,472	64,390	16
Income	(216,908)	(196,221)	(20,687)	11

Expenditure has increased within Adult Social Care Operations by £20.274m, and Children's Social Care and Safeguarding of £13.684m. This includes increases in care packages and placements in these areas. Expenditure on Housing Services has also increased by £7.622m, however this included £1.970m relating to Homes for Ukraine which is grant funded. Revenue Expenditure Funded by Capital Under Statute has increased by £6.768m in 2022/23. Also the level of Dedicated Schools Grant increased by £3.456m which would have been passported and spent within schools. Employee related

costs across all services within People have increased by £11.824m reflecting inflationary increases during the year.

Income relating to care received has increased by £3.5m within Adult Social Care. Grant income increased by £6.185m, which included the increase in Dedicated Schools Grant. Contributions from third parties which includes Health, other Local Authorities and CHC income has increased by £9.9m.

- **Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – Place**

	2022/23	2021/22	Increase (Value)	Increase
	£000	£000	£000	%
Expenditure	161,935	144,882	17,053	12

Expenditure within Place has increased by £17.053m. Depreciation and impairment losses have increased by £5.099m. As services continue to recover from the impact of covid-19, expenditure has increased: expenditure within Theatre Services has increased by £1.195m, Leisure has increased by £0.771m and expenditure within Infrastructure Services has increased by £6.328m. This is made up of increases within Highways of £3.418m, Waste Management of £1.368m and Environment and Transport of £1.519m

- **Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – Corporate**

	2022/23	2021/22	Increase (Value)	Increase
	£000	£000	£000	%
Expenditure	26,123	10,315	15,808	61

Expenditure has decreased by £15.808m in 2022/23. In 2021/22 the Council incurred costs of £15.694m in relation to the Covid-19 pandemic which have not been incurred in 2022/23.

- **Comprehensive Income and Expenditure Statement – Other Operating Expenditure**

2022/23	2021/22	Increase (Value)	Increase
£000	£000	£000	(%)
15,556	10,532	5,024	32

The increase of £5.024m is due to a reduction in the gain/loss on non-current assets. In 2021/22 a loss of £5.590m was incurred, mainly due to academy transfers and there have been no such transfers in 2022/23 resulting in a reduced loss on non-current assets of £0.806m.

- Comprehensive Income and Expenditure Statement – Financing and Investment Income and Expenditure**

2022/23	2021/22	Increase (Value)	Increase
£000	£000	£000	(%)
47,286	31,872	15,514	48

The movement in valuation of Investment Properties, swung from a £3.184m gain in 2021/22 to a £5.476m loss in 2022/23. This relates to specific movements in the value of assets in this category, reflecting the assets at the balance sheet date and their valuation. This is the net position, there were losses as well as gains experienced at the individual asset level. There were three assets experiencing significant losses in 2022/23, a total of £5.353m, reflecting market conditions; and losses were also experienced against properties purchased in year in comparison to their acquisition cost in Shrewsbury and Oswestry (£1.672m). Properties with significant gains were Mount McKinley £0.880m following a reclassification of the asset to an Investment Property and therefore valued on a market value basis and the former Morrison's Supermarket Site, Oswestry £1.363m due to a new lease agreed on the site.

- Comprehensive Income and Expenditure Statement – Taxation and Non Specific Grant Income**

2022/23	2021/22	Decrease (Value)	Decrease
£000	£000	£000	(%)
(316,145)	(326,122)	9,977	3

Taxation and Non specific grant income has decreased by £9.977m. This is due to a decrease in the following grants: Business Rates Relief Grant (£4.953m), Covid-19 LAA Support Grant (£7.632m), Local Council Tax Support Grant (£1.878m), capital grants reducing by £9.350m. These decrease have been offset by a new Services grant of £3.521m and an increase in Council Tax and Business Rates Funding of £11.502m.

- Comprehensive Income and Expenditure Statement – Surplus or Deficit on Revaluation of Property, Plant and Equipment Assets**

2022/23	2021/22	Increase (Value)	Increase
£000	£000	£000	(%)
(41,074)	(32,260)	(8,814)	27

This figure is the value of upward or downward revaluations that are debited/credited directly to the Revaluation Reserve, rather than to service revenue accounts, this can only be done where there is a balance on the revaluation reserve for the asset. The increase recorded in 2022/23 is £41.074m compared to £32.260m in 2021/22. The increase in 2022/23 valuations, reflect the current market conditions in 2022/23, increase in build costs (Depreciated Replacement Cost valuations) and the latest property information provided to the Valuers.

- **Comprehensive Income and Expenditure Statement, Remeasurement of the Net Defined Benefit Liability**

2022/23	2021/22	Increase (Value)	Increase
£000	£000	£000	(%)
(419,732)	(63,869)	(355,863)	(557)

The movement in the remeasurement of the net defined benefit liability is due to movements in a number of figures affecting the pension assets and liabilities. The liability element has moved from a net gain of £5.435m in 2021/22 to a net gain of £495.548m due to an increase in the discount rate and a decrease in the assumed CPI. The assets element has reduced from a gain of £58.434m in 2021/22 to a loss of £75.816m. In 2021/22 there was a gain due to positive returns on investments.

- **Balance Sheet Non-Current Assets – Property, Plant and Equipment**

2022/23	2021/22	Increase (Value)	Increase
£000	£000	£000	(%)
1,115,889	1,054,190	61,699	6

This reflects the overall movement in property, plant and equipment. The movement consists of additions, disposals, revaluations (upwards and downwards), depreciation charges and impairments. The main reason for the increase is a revaluation increase in Council Dwellings, Other Land and Buildings, and Assets Under Construction. These revaluation increases reflect the growth in residential properties and build costs. Another significant proportion of the increase relates to Non Infrastructure Assets, which includes the development of the Bishops Castle Business Park during the year.

The increase in asset values has been partially offset by a reduction in the value of Surplus Assets where assets have now been disposed of.

- **Balance Sheet Long Term Assets – Intangible Assets**

2022/23	2021/22	Decrease (Value)	Decrease
£000	£000	£000	(%)
3,907	5,381	(1,474)	(27)

The reduction in the balance sheet value of intangible assets in 2022/23 reflects the reduction in expenditure under the Digital Transformation Programme which had resulted in a higher level of expenditure on intangible assets in previous years. As intangible assets are subject to a relatively short asset life, the annual amortisation charge leads to a significant reduction in the net book value annually.

- **Balance Sheet Long Term Assets – Assets Held for Sale**

2022/23	2021/22	Decrease (Value)	Decrease
£000	£000	£000	(%)
0	599	(599)	(100)

At 31/03/22 one property met the criteria of a Long Term Asset Held for Sale. Disposal of that property was completed at the end of 2022/23 and no other property meets the criteria to fall into this category.

- **Balance Sheet Current Assets – Current Held for Sale Investment Properties**

2022/23	2021/22	Increase (Value)	Increase
£000	£000	£000	(%)
5,906	570	5,336	936

At 31/03/22 one asset met the criteria of current held for sale investment property. Due to delays in this disposal the property is still in this category as at 31/03/23. In addition, land in Shrewsbury identified for development falls into this category at 31/03/23.

- **Balance Sheet Current Assets – Current Assets Held for Sale**

2022/23	2021/22	Decrease (Value)	Decrease
£000	£000	£000	(%)
1,627	3,866	(2,239)	(58)

The balance sheet value of assets in this classification reflects the position the Council are at with regards disposing of assets and whether they meet the criteria to be classified as Asset Held for Sale at the balance sheet date. At the 2021/22 Balance Sheet date the properties in this category included The Willows (former school caretakers bungalow at Mary Webb School), Severn Valley Workshops, four Small Holdings, Meole Brace Golf Course - Pitch & Putt Land, The Aspire Centre and further HRA Shared Ownership Properties. In 2022/23 disposals of a number of these assets have complete and only two additional properties now meet this criteria, both of which are of relatively low asset value.

- **Balance Sheet Current Assets – Short Term Investments**

2022/23	2021/22	Increase (Value)	Increase
£000	£000	£000	(%)
58,000	119,000	(61,000)	(51)

- **Balance Sheet Current Assets – Cash & Cash Equivalents**

2022/23	2021/22	Decrease (Value)	Decrease
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£000	£000	£000	(%)
27,584	45,302	(17,718)	(39)

- Balance Sheet Current Liabilities – Bank Overdraft**

2022/23	2021/22	Increase (Value)	Increase
£000	£000	£000	(%)
(21,640)	(17,714)	(3,926)	(22)

The net decrease in short term investments, cash and cash equivalents and the bank overdraft needs to be considered together to explain the true difference in cash balance during the two years.

There are four elements that detail the difference in cash balances:

- i. Movement in General Fund Balance (increase in cash)
- ii. Revenue and Capital Grants received (increase in cash)
- iii. Movement in debtors/creditors (reduction in cash)
 - i. There was a £4.429m decrease in the General Fund Balance in 2022/23 which reflects the overspend position in the revenue budget. Earmarked reserves reduced by £37.059m indicating that the cash balances will have reduced.
 - ii. The Council received a number of revenue grants in 2022/23 which can be carried forward to be spent in 2023/24 or repaid to government which are accounted for within the cash balance. In 2022/23 capital grants were spent which had been brought forward from the previous year. The net movement on capital and revenue grants received in advance was an increase of £0.480m
 - iii. Debtors have increased by £6.730m during 2022/23 thereby increasing the amount of money owed to the authority and decreasing the potential cash balance held. Creditors have decreased by £26.172m thereby decreasing the cash balance held.

- Balance Sheet Current Liabilities – Short Term Borrowing**

2022/23	2021/22	Increase (Value)	Increase
£000	£000	£000	(%)
(7,606)	(1,858)	(5,748)	309

Short term borrowing has increased as £5.5m of loans are due for repayment in 2023/24.

- Balance Sheet Current Liabilities – Short Term Creditors**

2022/23	2021/22	Decrease (Value)	Decrease
£000	£000	£000	(%)
(100,676)	(126,848)	26,172	21

There are numerous changes to creditor balances between years, however the largest swing relates to the grant creditors where the Council has been acting as an agent, where the balance has reduced by £14.8m. This reflects the reduction in energy grants between years with a £16.8m Council tax energy rebate grant in 21/22 and a £1.964m energy grant for those people off grid, or those that pay for energy through an intermediary. There has also been a swing in grants due to be repaid to the Government as the 2022/23 balance has reduced by £14m from 2021/22 as a significant balance was held for Business Rate Reliefs in 2021/22 which has now been repaid. In addition the balance held as a creditor for the Marches LEP creditor has reduced by £5.6m and S106 balances have reduced by £3m. This has been offset by increases in some creditor balances during the course of the year.

- **Balance Sheet Current Liabilities – Grants Receipts In Advance – Revenue**

2022/23	2021/22	Increase (Value)	Increase
£000	£000	£000	(%)
(8,217)	(6,030)	(2,187)	36

The increase relates to £3.920m funding received for Homes for Ukraine Scheme in 2022/23 to be spent supporting individuals going forward and a further £0.921m of UK Shared Prosperity Funding which has been carried forward to 2023/24 to be committed. Previous brought forward balances in 2021/22 of £2.276m have now wither been spent or repaid and so offset the increase in funding detailed above.

- **Balance Sheet Long Term Liabilities – Pensions Liability**

2022/23	2021/22	Decrease (Value)	Decrease
£000	£000	£000	(%)
(117,328)	(498,624)	381,296	76

The deficit on the Pensions Liability has decreased by £381.296m in 2022/23. This is due to a decrease in pension liabilities. The discount rate has increased by 2.0% and the CPI inflation assumption has decreased by 0.7%, the combined effect of this is a decrease in the pension liabilities.

- **Balance Sheet Long Term Liabilities – Provision**

2022/23	2021/22	Increase (Value)	Increase
£000	£000	£000	(%)
(8,477)	(4,889)	3,588	73

Provisions has increased mainly due to an increase in the NNDR Appeals provision. There was a large number of appeals lodged towards the end of 2022/23, prior to start of new revaluation list being issued as at 1 April and therefore this has had to be reflected in an increased appeals provision.

- **Balance Sheet Financing – Usable Reserves**

2022/23	2021/22	Decrease (Value)	Decrease
£000	£000	£000	(%)
131,826	166,752	(34,926)	(21)

Usable reserves have reduced due to Earmarked reserves reducing by £37.059m and the General Fund reducing by £4.429m as detailed in the Financial Outturn report. This has been offset by an increase in the Capital Grants Unapplied Account of £5m.

- **Balance Sheet Financing – Unusable Reserves**

2022/23	2021/22	Decrease (Value)	Decrease
£000	£000	£000	(%)
(581,193)	(156,247)	424,946	272

The decrease in Unusable Reserves is due to changes in the Revaluation Reserve, Pensions Reserve and Collection Fund Adjustment Account.

The Revaluation Reserve increased by £30.204m (23%) in 2022/23 which reflects the movement in asset values and disposals. The area of significant movement in 2022/23 was on the revaluation of PPE assets. Reflecting the general increase in asset values and where there has been no previous revaluation loss charged to revenue, the gain is charged to the revaluation reserve.

The deficit on the Pensions Reserve has decreased by £384.173m in 2022/23. This is due to a decrease in pension liabilities. The discount rate has increased by 2.0% and the CPI inflation assumption has decreased by 0.7%, the combined effect of this is a decrease in the pension liabilities.

The Collection Fund Adjustment Account has moved from a deficit of £7.051m in 2021/22 to a surplus of £1.431m at the end of 2022/23. The deficit position in 2021/22 was mainly due to the additional reliefs awarded to businesses by government in response to the covid-19 pandemic. This resulted in lower business rates for collection resulting in a deficit on the Collection Fund in 2021/22.

2. The analytical review will be part of the papers to be considered by the external auditors during the annual audit and will be used in forming their opinion on the Statement of Accounts that will be reported in the Audit Opinion and Certificate.