



**Milton Keynes**  
City Council

# **Milton Keynes City Council**

**Statement of Accounts for the year  
2023/24**

## Contents

Narrative Report .....	3
Independent Auditor's Report to the Members of Milton Keynes City Council.....	20
Statement of Responsibilities .....	24
Accounting Policies .....	25
Comprehensive Income and Expenditure Statement .....	51
Movement in Reserves Statement .....	52
Balance Sheet .....	54
Cash Flow Statement .....	55
Note 1 – Expenditure and Funding Analysis.....	56
Note 2 – Note to the Expenditure and Funding Analysis .....	57
Note 3 – Expenditure and Income Analysed by Nature .....	59
Note 4 – Adjustments between Accounting Basis and Funding Basis under Regulations.....	59
Note 5 – Accounting Standards Issued, Not Adopted .....	63
Note 6 – Critical Judgements in Applying Accounting Policies .....	64
Note 7 – Assumptions made about the future and other Major Sources of Estimation Uncertainty .....	64
Note 8 – Material Items of Income and Expense .....	67
Note 9 – Events After the Balance Sheet Date .....	67
Note 10 – Transfers to/from Earmarked Reserves .....	68
Note 11 – Other Operating Expenditure .....	70
Note 12 – Financing and Investment Income and Expenditure .....	70
Note 13 – Taxation and Non-Specific Grant Income .....	71
Note 14 – Trading Operations .....	71
Note 15 – Members' Allowances .....	72
Note 16 – External Audit Costs .....	72
Note 17 – Road Charging Schemes.....	73
Note 18 – Pooled Budgets .....	74
Note 19 – Officers' Remuneration.....	75
Note 20 – Dedicated Schools Grant .....	77
Note 21 – Grant Income .....	78
Note 22.1 – Property, Plant and Equipment .....	80
Note 22.2 – Infrastructure Assets.....	82
Note 22.3 – Assets Held for Sale .....	87
Note 23 – Investment Properties .....	87
Note 24 – Capital Expenditure and Capital Financing .....	89
Note 25 – Debtors.....	89
Note 26 – Creditors.....	90
Note 27 – Borrowing Repayable.....	90
Note 28 – Provisions .....	91
Note 29 – Contingent Liabilities .....	92
Note 30.1 – Usable Reserves .....	94
Note 30.2 – Unusable Reserves.....	95
Note 31 – Cash and Cash Equivalents .....	98
Note 32.1 – Cash Flow from Operating Activities .....	98

Note 32.2 – Cash Flow from Investing Activities .....	99
Note 32.3 – Cash Flow from Financing Activities .....	99
Note 33 – Financial Instruments.....	99
Note 34 – Leases .....	107
Note 35 – Related Parties .....	108
Note 36 – Defined Benefit Pension Scheme .....	111
Collection Fund .....	117
Housing Revenue Account Income and Expenditure Statement .....	119
Movement on the HRA Statement .....	120
Notes to the HRA Account .....	121
Group Accounts .....	124
Group Movement in Reserves Statement .....	127
Group Comprehensive Income and Expenditure Statement .....	128
Group Balance Sheet .....	129
Group Cash Flow Statement.....	130
G1 – Accounting Policies.....	130
G2 – Summary of Subsidiaries Transactions included in the Group Balance Sheet .....	130
G3 – Investment Properties.....	131
G4 – Debtors .....	132
G5 – Creditors .....	132
G6 – Provisions .....	132
G7 – Reserves .....	132
G8.1 – Cash Flow from Operating Activities .....	133
G8.2 – Cash Flow from Investing Activities .....	134
G8.3 – Cash Flow from Financing Activities.....	134
Glossary.....	135

## Narrative Report

### Introduction

This document presents the statutory financial statements for Milton Keynes City Council (the Council) for the period 1 April 2023 to 31 March 2024 and gives a comprehensive summary of the overall financial position of the Council giving a true and fair view.

The accounts are presented in the format recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA), as set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code). Our core financial statements use this format and meet the conditions of the Code.

This narrative report provides a summary of the most significant matters reported within the accounts and of the Council's current financial position and performance. It also looks forward to future years and how the Council will continue to meet its responsibilities for the people of Milton Keynes.

### Council Plan & Outlook

The Council Plan (The Plan) sets out how Milton Keynes City Council will work to achieve its ambitions for Milton Keynes and deliver the Strategy for 2050, which is our long-term vision for our city and the future, seeking to ensure that everyone in Milton Keynes can lead happy, healthy lives. Milton Keynes City Council operated through 2023/24 in line with the priorities set out in the 2022-2026 Council Plan. The Plan sets out a vision and desired outcomes for Milton Keynes, together with a series of corporate priority actions to provide a shared framework for both the Council and its partner organisations.

The Council Plan 2022-2026 was approved on 15 June 2022.

#### Ambition for Milton Keynes:

Milton Keynes is the pinnacle of post-war planning and innovation.

Designed on the founding principle that each and every citizen has the right to a high quality of life through the provision of good-quality affordable housing, well paid employment and access to open space, our city is a unique and special place of character, innovation, and community.

Milton Keynes City Council is committed to strengthening and enhancing the qualities that make us special while ensuring we are ambitious for the next chapter in our history as an internationally recognised economic powerhouse, centre of innovation and cultural creativity, and pioneer of high-quality sustainable growth.

Milton Keynes City Council is ambitious for all, ensuring everybody has opportunities to fulfil their potential by delivering the best services and support we can while ensuring the change needed to tackle climate change and meeting the challenges of recovering from a global pandemic and a cost-of-living crisis.

The Council Plan sets out the vision, values and objectives for the Council. The Council Plan 2022 - 2026 was adopted at Council in June 2022.

The delivery of this Council Plan will determine the financial choices we need to make over the medium term. However, the overall financial position is very challenging; the choices we will need to make will be very difficult.

Our key objectives are:

- A thriving city - We will continue to improve our city as a unique regional and national economic powerhouse, with a growing cultural significance that builds on our success and innovates for the future.
- A progressive city - Everyone in Milton Keynes deserves to have the same opportunities and chances in life, where people are valued, feel safe and are encouraged to participate in their community and lead healthier, fulfilled lives.
- A sustainable city - We will ensure that we grow sustainably and deliver value for money services that put tackling climate change at the heart of our actions.

Further details on the Council's aims, visions and priorities can be found in the Milton Keynes City Council Plan 2022-2026 which is published on the Internet [Council plan 2022-2022.pdf \(milton-keynes.gov.uk\)](https://www.milton-keynes.gov.uk/council-plan-2022-2026.pdf)

The Strategy for 2050 is our long-term vision for our city and the future, seeking to ensure that everyone in Milton Keynes can lead happy, healthy lives.

The Strategy sets out a long-term approach to spatial development. It aims for a steady population increase to around 410,000 people in the City by 2050 as the best means of achieving our key Priorities:

- A diverse and inclusive economy
- Decent, affordable, homes in a high-quality environment
- Tackling social inequalities
- Supporting cleaner, safer and healthier communities
- Action on climate change

The Strategy for 2050 has been prepared to provide ambition and focus at a time of great uncertainty but to be flexible to adapt to changing circumstances. The delivery programme will explore the potential of new forms of delivery vehicles and seek new partnerships, including with government and Homes England, that will help secure the investment in public services and infrastructure necessary to secure high quality growth.

The Council comprises 57 Councillors. With 30 seats, Labour now has overall control of Milton Keynes City Council, the Liberal Democrats have 18 and the Conservatives have 9 seats.

Milton Keynes is a Unitary Authority with a growing population of c287,000 and is the landlord for over c12,000 properties of which 934 is the Council's portion of shared ownership dwellings, whose income and expenditure is operated through a Housing Revenue Account (HRA).

## The Council's 2023/24 Financial Position

### Service Expenditure – General Fund

The Council's 2023/24 reported outturn shows an underspend of (£0.442m) for the year. This has been added to the General Fund Balance.

The table on the following page shows the General Fund outturn position for the year ending 31 March 2024.

### General Fund - Income & Expenditure Summary at 31 March 2024

General Fund High Level Revenue Summary	Outturn Position			
	2023/24 Full Year Budget	Outturn	Variance	% variance
Service	£m's	£m's	£m's	%
Adult Social Care	102.122	101.305	(0.817)	-0.8%
Public Health	12.515	12.522	0.007	0.1%
Children's Services	56.054	59.714	3.660	6.5%
Customer and Community	6.589	5.966	(0.623)	-9.5%
Planning and Placemaking	3.765	3.364	(0.401)	-10.7%
Environment & Property	77.187	76.558	(0.629)	-0.8%
Resources - Retained MKCC	5.854	4.992	(0.862)	-14.7%
Resources - Shared Services	(0.186)	(0.158)	0.028	-15.1%
Law & Governance	2.665	2.822	0.157	5.9%
Corporate Codes & Debt Financing	10.875	9.913	(0.962)	-8.8%
Assets Management	(29.115)	(29.115)	0.000	0.0%
<b>General Fund Requirement</b>	<b>248.325</b>	<b>247.883</b>	<b>(0.442)</b>	
New Homes Bonus	(4.542)	(4.542)	0.000	0.0%
NNDR	(72.599)	(72.599)	0.000	0.0%
RSG	(6.731)	(6.731)	0.000	0.0%
Public Health	(12.522)	(12.522)	0.000	0.0%
Other Government Grants	(1.879)	(1.879)	0.000	0.0%
Council Tax	(150.052)	(150.052)	0.000	0.0%
<b>Total Financing</b>	<b>(248.325)</b>	<b>(248.325)</b>	<b>0.000</b>	
<b>Net Surplus / Deficit</b>	<b>0.000</b>	<b>(0.442)</b>	<b>(0.442)</b>	

### Significant Overall Revenue Variances

#### Adult Services – (£0.817m) underspend

- There was an overspend in Older People Support at Home of £1.060m due to an increase in both the number and average cost of packages. The number of packages increased by 12% during the year from 522 packages in April to 584 packages in March. The average cost of a package increased by 3% from £0.018m in April to £0.019m in March. This is offset by additional funding including client contributions (£0.234m), Better Care Funding

(£0.203m), Hospital Discharge funding (£0.492m) and Integrated Care Board (ICB) funding (£0.042m).

- A pressure in Mental Health £0.933m due to an increase of 27% in the number of packages and 10% in the average cost. In April 2023 there were 208 packages at an average cost of £0.020m, this increased to 265 packages in March 2024 at an average cost of £0.022m.
- In Homelessness, demand in temporary accommodation increased by 23% during the year from 962 in April to 1,076 in March (includes real letting; National Homelessness Partnership Fund properties; refugees; and hotels) leading to an overspend of £1.334m.
- These pressures were offset by an underspend in Care Home placements (£3.669m) due to higher than expected client contributions including deferred payments of (£0.451m), Market Sustainability and Fair Cost of Care Funding (£0.842m) which was used to support the negotiated fee rates on spot placements; and a higher than expected bed release credit on the Care Home Block contract (£0.429m). However, there has been a continued increase in the number of spot care home placements increasing by 13% during the year from 249 in April to 282 in March £1.256m.
- Salary savings mainly due to vacancies across the service c(£0.681m)

#### Children's Services – £3.660m overspend

- The overspend is predominantly due to Children's Placements £3.278m. The minimum allowance paid to in house carers is set by the DFE (Department for Education) annually. From April 2023 the rates were uplifted by 12.5% (budget 4.5%), this above inflation increase was announced after the budget was set resulting in a pressure of £0.383m. The number of residential placements remained high throughout the year along with the increasing costs of the placements. In addition, the current cohort of children are older, more complex children who are requiring specialist residential placements. Lack of placement availability nationally to meet the needs of our current cohort has meant it has been increasingly difficult to source residential placements resulting in expensive unregulated placements being needed, this has driven up average costs. The total spend on these unregulated placements was £0.929m.

#### Customer and Community – (£0.623m) underspend

- Registration income relating to future years was less than previously anticipated, resulting in a higher income in 2023/24 of (£0.180m).
- The net recovery of utility costs was lower than budget (£0.149m), due to gas and electricity costs now being fully allocated to the services.
- Consultancy costs in sustainability are currently creating a pressure of £0.269m. Originally, the funding was forecasted to be drawn from reserves, instead the pressure has been recognised in the outturn due to unplanned recognition of prior year sustainability grant income.

- Prior year Heat Network Delivery Unit grants of (£0.104m) and the Intensity and Potent grants of (£0.222m), where costs had been included in the 2022/23 outturn, and income had been incorrectly brought forward, have now being fully recognised in the period.
- Salary savings mainly due to vacancies across the service c(£0.254m)

#### Planning and Placemaking – (£0.401m) Underspend

- A slowdown in the market has resulted in a pressure of £0.210m in land charges income. This is partially offset against prior year DLUHC grant income of (£0.159m) for land registry and other new burdens funding.
- The cost of planning appeals £0.222m is now being borne by the services rather than funded from reserve, due to underspends in other areas that will cover this addition.
- Additional income expected to be received from the BDUK gain share (£0.444m).
- Salary savings mainly due to vacancies across the service c(£0.308m)

#### Environment & Property – (£0.629m) underspend

- Income from car parking was (£2.236m) above budget which is mainly due to pay and display (P&D) and employee permits.
- The decision to award a five-year contract to Suez Recycling and Recovery UK Ltd (Suez) to collect waste, keep the streets clean and maintain Council owned green spaces and play areas from 4 September 2023, at the very end of the 2023/24 budget process has resulted in several pressures totalling £1.299m, mainly due to updated assumptions.
- MK Waste Recovery Park (MKWRP) was (£0.953m) underspent due to a reduction in the tonnage of waste partly due an increase in recycling, because of the new wheeled bins.
- Linked to the reduced tonnage at the MKWRP (noted above), the Waste Transfer Station (WTS) is showing a pressure of £0.765m. As well as an increased volume of recycling which yields additional cost, market volatility has reduced the commodity values which, as MKCC receive 80% of the blended basket value of recycling as a rebate, has impacted the net cost, albeit the reduced contamination levels have mitigated some of the additional increases.
- There is a one-off pressure of £0.268m for Business Rates due to the delayed completion of the sale of Saxon Court (now forecast for 2024/25) although a reduction is being sought as the property is currently unoccupiable. There is also a pressure of £0.376m for costs (mainly Business Rates) at vacant properties, being incurred before the sale completes or development of the site commences. In addition, there are costs in relation to repair works at Civic (such as electrical repairs and analogue to digital switchover) along with a pressure in the income expected to be generated in the building which totals £0.202m.

#### Resources MKCC – (£0.862m) underspend

- The Discretionary Housing bad debt provision calculation resulted in an underspend (£0.336m). This is because more people have come off housing benefit to go onto



Universal Credit. Therefore overpayments, amounts due back to MKCC, subsidy receipts and the opportunity to recover these have all reduced accordingly.

- An underspend of (£0.502m) occurred in the service mainly due to staff vacancies.

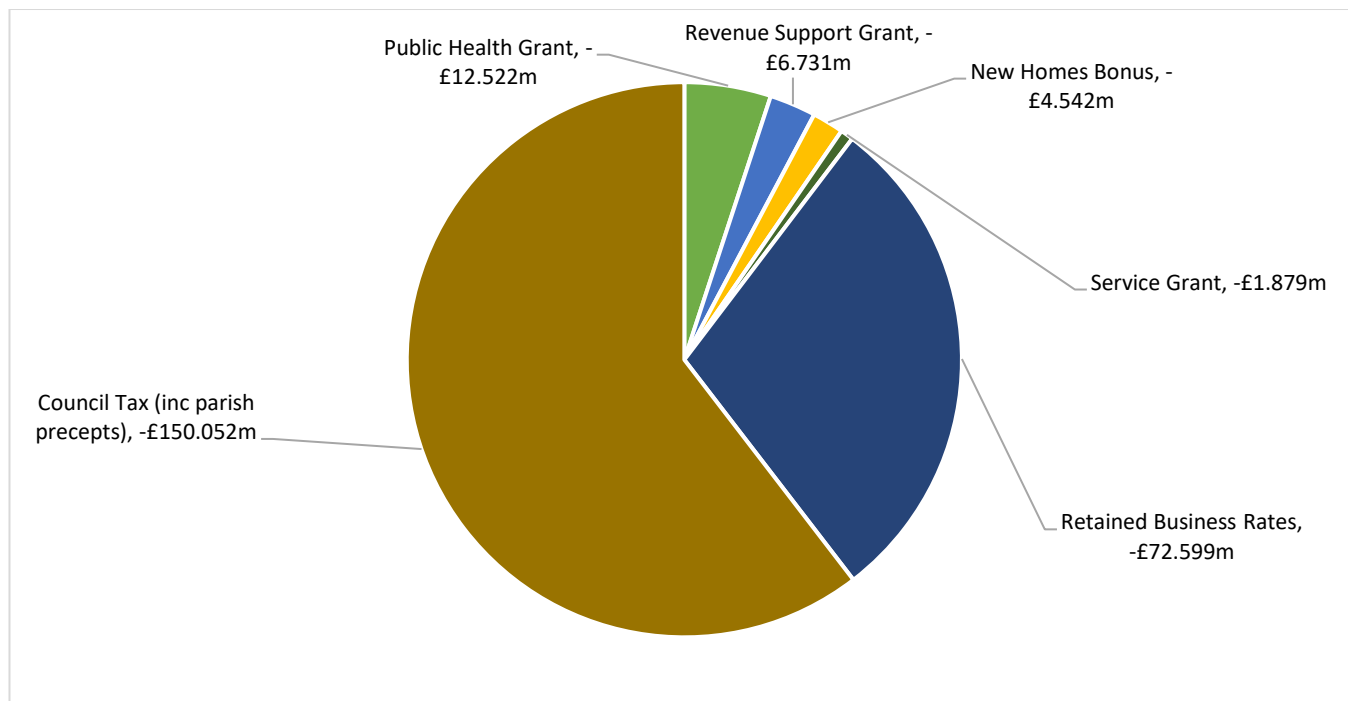
#### Law & Governance – £0.157m overspend

- The legal service has a net staff pressure of £0.160m due to the continued use of agency staff to back-fill vacant posts.

#### Debt Financing & Corporate Codes – (£0.962m) underspend

- The underspend is due to lower use of corporate contingency and the write back of a bad debt provision following a positive movement in corporate debt collection (£0.675m).
- Since 2013 the Council has made a fixed annual contribution to this Tariff risk reserve of (£0.580m). With the increases to interest rates, the reserve will instead be increased by interest each year and therefore the fixed contribution will no longer be required.
- In addition, £1.4m of the planned 2023/24 MKDP dividend has been transferred to Capital to fund Placemaking project costs. There were favourable movements on the Debt financing budget, including savings on MRP and the early repayment of a LOBO loan have offset this.

Milton Keynes City Council’s net cost of service is funded through Council Tax, Business Rates and Grants. The chart below details how the 2023/24 budget requirement of £248.325m was financed.



In addition, some services receive specific grants, which are held within the relevant service budgets. There are conditions attached to many specific grants, which set out how, when and on what service or activity the grant may be spent.

## Public Health

Public Health budget is reporting a contribution from the Public Health reserve of £0.395m after using £0.560m on one-off projects that was agreed as part of the budget, this is offset by an underspend in the service of (£0.165m). The overall underspend on the Public Health budget relates to pressures of £0.158m mainly due to agenda for change NHS pay increase offset by, lower demand in Smoking Cessation Services (£0.190m) and lower GP activity in NHS Health Checks (£0.075m).

## Dedicated Schools Grant (DSG)

When the budget was set, it was anticipated that there would be a surplus carry forward of (£3.007m) into 2024/25, however the actual carry forward is a surplus of (£6.910m). This is a result of an increased surplus carry forward balance from 2022/23 on the early years and high needs blocks.

The main area of risk is in high needs where there have been increases in the number of children requiring support at increasing levels of complexity. High needs funding remains a national issue and although we currently have a high needs surplus, this is one off and the future funding increases remain uncertain on the DSG and have not up until now, kept up with demand.

The early years block is volatile and difficult to predict due to national changes and the level of take up. As the surplus position in 2023/24 was higher than anticipated, a one-off payment to providers was made. This leaves the balance in line with the funding policy agreed by the Early Years Reference Group. The remaining surplus carry forward is one off and will help manage any risks associated with the expansion to the early year's entitlements.

## Housing Revenue Account (HRA)

The HRA is reporting an underspend of (£3.460m) after a £3.3m Voluntary Debt Repayment. This will be offset by an increase in the planned level of Revenue Contribution to Capital (RCCO) £1.579m and a contribution to Revenue Reserves £2.300m. There will also be a transfer between reserves (RCCO to Major Repairs Reserve) of (£0.419m) to reflect the decrease value in depreciation linked to our stock values.

Key variances include:

- Increased billing of leasehold actual service charges (£0.886m) comprising of permanent uplift in billing (£0.500m) and one-off recovery of 2022/23 service costs (£0.386m).
- Bad debt provision (£1.450m):
  - Tenants' bad debt (£0.667m) due to the start of universal credit migration being delayed to later in the year and cost of living pressures contained through improved collection rates.
  - Leaseholders and shared ownership bad debt (£0.782m) due to release of legacy risk provisions as risk has reduced because of improved collection levels driven by enforcement actions and revised business processes.

- Additional (£2.308m) in interest income received on our cash balances due to the sustained high rates, delays in spending on the capital programme and earlier receipt of grant funding. This is a one-off improvement and will reduce as cash balances are utilised and to a lesser degree when interest rates start to fall.
- As a result of the improved cash balances and wider underspends in the budget, which have generated one-off additional investment income, we have reduced the HRA Capital Financing Requirement by £3.300m through a voluntary revenue provision (VRP), which reduces our debt liability.

#### Service Expenditure – Cost Reductions and Income in 2023/24

Savings of £7.723m were approved for implementation in 2023/24, and £0.163m savings were carried forward from 2022/23, resulting in a total target of £7.886m to deliver in 2023/24. £7.201m (91%) was achieved in year, and £0.685m (9%) will be delivered next year.

#### Service Expenditure – Capital

In 2023/24 £200.047m was spent against a budget of £257.024m, a (£56.976m) underspend, which after slippage of £53.236m, resulted in an underspend of (£3.740m) in year. The main areas of underspend are:

- Glebe Meadows Primary & Secondary School (£0.444m) - Scheme completed in September 2022 and final retention and any professional fees now paid.
- Hanslope Primary School Expansion (£0.252m) – Project completed, and retention payment made.
- Mellish and Gables Demolition (£0.628m) - Demolition of both tower blocks completed and final account agreed. The costs have come out lower than expected leading to an underspend on this project.
- Local Authority Housing Fund (LAHF) (£0.436m) - Completed on all five properties. Funding allocated to refurbishment of purchased properties. Remaining funds will be returned to Government.
- BDUK (£0.868m) - Project completed and closed with BDUK. Funding can now be returned to source.
- IT Improvement Fund (£0.315m) – An underspend on this project to support improving IT systems across the Council to deliver efficiencies to the business. Budget available in future years to meet demand.

#### 2023/24 Key Slippage to later Years:

- Adult Social Care Hub £1.091m – Building recently purchased. Slippage required mainly from delays due to the weather, external works due to complete by 2025.
- Schools Asset Management £1.973m – a number of projects are slipping into 2024/25 because the Project delivery is behind schedule. This is part of the 5-year rolling programme.
- Refurbishment for SEND pupils £1.418m - Slippage into 2024/25 due to the updated start on site in January 24. Still on programme to complete in August 24.

- Harrier Court £1.234m - Complex project which now has a programme. However, no tenders returned for one of the major elements of the work, therefore no costs incurred in year while we explore tender options hence slippage required.
- HRA Asset Management Programme £4.468m - – a number of projects are slipping into 2024/25 because the Project delivery is behind schedule. This is part of a rolling programme within the HRA.
- Social Housing Decarbonisation Fund (SHDF) Wave 2 £7.691m – Slippage reflects the delay to the start of this programme. Further work is being carried out following the delivery of Wave 1 to ensure that this can be delivered within the budget this is also subject to a wider review of the HRA business plan. A decision on the future of this project will be set out in a DD report due in June 2024
- Towns Fund Innovation Hub £1.707m – This project has been cancelled and funding will therefore need to be reallocated to other existing schemes within the Towns Fund Programme. This change was approved by the Towns Fund Board on the 20th November and a change control request has been submitted to DLUHC.
- Towns Fund RDF £4.974m - Demolition works now anticipated Jun-Oct 24. Delay due to utility decommissioning works required. No further acquisitions identified either, hence partial slippage of allocated funds.
- Agora £6.246m – Slippage into 2024/25. The PCSA contract has been awarded and is in the process of being signed, work continues with contractors on design and BSA regs and roles/responsibilities. Contractor build price to be submitted Autumn 2024, additional funding approvals to be sought in 2024/25 following a review of the existing business case.
- Street Lighting LED upgrade Programme £1.535m – The project aim is to Upgrade 20,500 Lanterns to LED Lanterns & Fitting CMS to all 56,000 MKCC Lighting Cols. To date, approx. 72% of the conversions have been completed. Remaining Conversions to be completed by end of June, remaining budget to slip to 2024/25.
- Improvements to Waste Services Depot £2.119m – Slippage for design and delivery for new facilities and to enable property swap and improvements to waste facilities in Wolverton.
- MKWRP Investment Programme £1.196m - Further improvements to be completed in the next shut down in September 2024. Future spend schedules over next 5 years plans to be developed.

A review of all projects in the 2024/25 Capital Programme has been undertaken to confirm deliverability and spend approval for the capital programme in year and over the medium term. The Capital Programme has been rebased to reflect current expected deliverability with a revised 2024/25 in year Programme of £220.256m and £502.120m agreed programme over the medium term. This programme is fully funded.

The main capital schemes in 2024/25 Programme are:

- MK East – Housing Infrastructure Fund (HIF) Social Infrastructure £9.454m
- Housing Infrastructure Fund £17.575m - Highways

- HRA Lakes Estate Regeneration £47.313m
- HRA - Other New Build & Regeneration programme £8.248m
- Social Housing Decarbonisation Fund (SHDF) Wave 2 £34.445m
- HRA Asset Management £30.352m
- Waste Initiatives £11.467m
- Towns Fund projects £8.485m

Details of the 2023/24 Outturn reported can be found on the Council website on the following link [Agenda for Delegated Decisions on Tuesday 2nd July, 2024, 6.00 pm | Milton Keynes City Council \(modern.gov.co.uk\)](#)

## Financial Outlook

The Council Medium Term Financial Plan 2024/25 sets out how the Council will address its financial challenges, prioritise the resources it has and support the delivery of the Council Plan. Since 2018/19 local government has only received 12 month funding settlements. The financial plan is based on the 2024/25 Local Government Financial Settlement published in December 2023. There is significant uncertainty beyond this period.

Despite significant challenges arising from the pandemic in 2020 and economic challenges, including sharp increases to inflation and demand, the Council remains financially resilient and has continued to strengthen its financial and risk management approach. As the wider financial impacts to the economy, place, residents and workforce emerge the Council will need to continue to evolve and respond to the rapid changes taking place to ensure that the Council continues to provide support and leadership whilst remaining financially resilient.

## Future Challenges

Increases in demand for services and uncertainty over Government funding are creating an ongoing need to generate cost reductions and increased income. Over the four years we currently have a base budget funding gap of £25.315m, with £20.308m of this arising in 2026/27 which is mainly due to the Business Rates Reset assumption.

However, significant uncertainty over this forecast exists due to the lack of any clear policy for local government funding and the wider economic, social and environmental risks over which the Council has limited control.

The table below, shows the financial pressures we must address over the next four years, there is still significant work for the Council to do to close the gap, particularly in 2026/27, when we are modelling the reset of the business rates system and loss of 50% growth above our projected baseline funding position and to ensure that it remains financially sustainable.

## Medium Term Financial Plan Gap

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Total £m
Government Funding Adjustments	(13.207)	1.889	13.897	(2.389)	0.190
Local Funding Sources	(12.530)	(7.876)	(7.638)	(8.056)	(36.100)
Pay, Contract and Other Inflation	18.067	8.184	9.321	8.324	43.896
Budget Service Pressures	18.700	5.724	4.939	4.884	34.247
Capital Financing Costs	(4.903)	0.740	(0.157)	(0.408)	(4.728)
Corporate Measures	0.843	(5.512)	0.015	0.015	(4.639)
One-off Pressures	3.592	1.359	0.546	0.476	5.973
<b>Total Pressures</b>	<b>10.562</b>	<b>4.508</b>	<b>20.923</b>	<b>2.846</b>	<b>38.839</b>
Total Service Budget Reductions and Income Proposals	(6.970)	(0.512)	(0.069)	0.000	(7.551)
Less Reserves applied to one-off pressures	(3.592)	(1.359)	(0.546)	(0.476)	(5.973)
<b>Budget Gap</b>	<b>0.000</b>	<b>2.637</b>	<b>20.308</b>	<b>2.370</b>	<b>25.315</b>
<b>Budget Gap (cumulative)</b>	<b>0.000</b>	<b>2.637</b>	<b>22.945</b>	<b>25.315</b>	

## Risks

A detailed risk assessment was carried out as part of the 2024/25 budget and used to inform the Councils approach to the budget and also the level of reserves.

We have identified 44 significant budget risks as part of this assessment, which have been categorized as follows:

- Service Cost – Demand and Pricing
- Service – Fees and Charges
- Commercial Contract Risks
- Critical Service Performance Failure
- Supporting our Residents
- Government Funding
- Balance Sheet Risks
- Major Events

The risk assessment sets out the key controls, risk level and how the Council proposes to fund the impact of each risk if this should materialise.

Further details of the Council 2024/25 Budget and Medium Term Financial Plan can be found on the Council's Website here [Agenda for Cabinet on Tuesday 6th February, 2024, 6.30 pm | Milton Keynes City Council \(modern.gov.co.uk\)](#)

## Reserves

There are a number of reasons the Council holds reserves, some of the key ones are as follows:

- To manage known financial risks
- To hold funding as one-off contributions to expenditure, which has allowed the Council to make ongoing revenue budget reductions.
- To manage timing differences between the receipt of funding and actual spend
- To hold ring-fenced balances for example, specific grants, trusts, schools or the Housing Revenue Account

The Council continues to hold a strong level of financial reserves and has increased further its General Fund Working Balance. In addition to this the Council also holds separate risk reserves for a number of other key business areas providing a further risk buffer.

The Council had a working balance of £34.608m which was above the minimum recommended level for 2023/24.

The Council's overall reserves have increased in 2023/24 from £172.493m to £249.435m. Details of the Council's earmarked reserves can be found in note 10 to the Financial Statement.

The table below present the total reserves available to meet known and unknown risks.

<b>Reserve Summary</b>	<b>Balance 31/03/24 £m</b>	<b>Forecast Balance 31/03/25 £m</b>
GF Working Balance	34.608	34.608
% Net Revenue Budget	<b>14.01%</b>	<b>12.96%</b>
GF Risk Reserves	38.017	36.750
<b>Total: Reserves Available to meet known and unknown risks</b>	<b>72.625</b>	<b>71.358</b>
<b>% Net Revenue Budget</b>	<b>29.39%</b>	<b>26.72%</b>

## Risks and opportunities

The aim of Risk Management is to improve the Council's ability to deliver its identified priorities, by managing the threats, achieving identified opportunities and creating an environment that allows innovation and adds value.

All risks are monitored, and the Audit Committee receives updates on risks and their management actions on a quarterly basis. The last corporate risks register went to Audit Committee on the 30 November 2023, details of which can be found on the Councils Internet page: [Agenda for Audit Committee on Thursday 30th November, 2023, 7.00 pm | Milton Keynes City Council \(modern.gov.co.uk\)](#)

## Workforce

In order to meet the above aims, Milton Keynes City Council had a total establishment of 2,442 FTE at 31 March 2024. This workforce reflects the diversity of the residents of the City.

## The 2023/24 Statement of Accounts

The Council is required to present a complete set of financial statements (including comparative information). The core financial statements are set out on pages 51 to 55 and are presented as follows (The Expenditure & Funding Analysis (EFA) is not a core financial statement but is detailed below to aid users of the accounts):

### Comprehensive Income and Expenditure Statement (CIES)

The CIES shows the accounting cost in the financial year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation or rents. Authorities raise taxation and rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the EFA and the Movement in Reserves Statement (MIRS).

### Balance Sheet

This sets out the assets and liabilities recognised by the Council at the balance sheet date, the bottom line is effectively the net worth of the organisation. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.

### Movement in Reserves Statement (MIRS)

This statement represents the movements on the reserves held by the Council during the financial year analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The 'surplus or (deficit) on provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in the CIES. These are different from the statutory amounts required to be charged to the General Fund to balance for Council Tax setting purposes. The 'net increase/decrease before transfers to earmarked reserves' line shows the statutory General Fund balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

### Cash Flow Statement

This statement outlines the changes in the cash and cash equivalents, for example changes in debtor balance (those owing the Council money) and creditor balances (those which the Council owes money to) during the year. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.



## Expenditure & Funding Analysis (EFA)

The objective of the EFA is to demonstrate to Council tax and rent payers how the funding available to the Council (i.e. government grants, rents, Council tax and business rates) for the year has been used in providing services, in comparison to the resources consumed or earned by the Council in accordance with generally accepted accounting practices. The EFA 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 fully in the Comprehensive Income and Expenditure Statement. The analysis of income and expenditure on the face of the EFA is specified by the Council's operating segments which are based on the Council's internal management reporting structure.

## Supplementary Financial Statements:

### Collection Fund

The transactions of the billing authority are shown on the Collection Fund Statement in accordance with the code of accounting practice.

### Housing Revenue Account (HRA)

The Housing Revenue Accounts shows the in-year cost of providing landlord housing services in accordance with generally accepted accounting practices.

## Group Accounts

The Council is required by the Code to prepare Group Accounts. These consolidate the financial statements of the Council together with those of organisations in which the Council has material financial interests and a significant level of control. The Group accounts contained in this document consolidate the accounts of the Milton Keynes Development Partnership with Milton Keynes City Council.

## Partnerships

### Milton Keynes Development Partnership

Milton Keynes City Council wholly owns Milton Keynes Development Partnership (MKDP), a body set up to facilitate growth and economic success in line with the corporate plan. MKDP is a Limited Liability Partnership created to manage and exploit the commercial assets purchased from the Homes and Communities Agency. It uses and develops its land assets to help the city become a better place to live, socialise and work.

MKCC set up a company called DevelopMK Ltd; the directors of this organisation are three senior MKCC staff members. DevelopMK is, together with MKCC, a parent of MKDP.

In 2012/13, the Council funded the purchase of the assets, and the debt was passed on to MKDP along with the assets. The loan has since been repaid, however MKDP do have a revolving

cashflow facility with MKCC. This loan is reflected in the balance sheet under short-term investments.

MKDP estate comprises around c265 developable acres which are used to develop Milton Keynes in line with the Council Plan. Further information on MKDP and its up and coming projects can be found at [www.mkdp.org.uk](http://www.mkdp.org.uk)

### Flexible Home Improvement Loans

The Council has an interest in the Flexible Home Improvement Loans Ltd – the company is a private company limited by guarantees with Milton Keynes City Council being one of 13 members. The company arranges the provision of loans on behalf of the members to individuals for home improvements to enable them to stay within their own homes.

### Shared Public Health Collaboration

Milton Keynes City Council is a partner of a shared Public Health function with two other Unitary Authorities (Bedford Borough Council and Central Bedfordshire Council). Since September 2017 the Parties collaborate and co-operate to ensure that service activities are delivered efficiently, and actions are taken on a joint basis. The shared function also provides the core offer to the Bedfordshire Clinical Commissioning Group (BCCG) and Integrated Care Board (ICB). The Parties work together to constantly improve their service and create efficiencies for the future.

### OPUS (East)

In September 2018 Milton Keynes City Council was admitted as a shareholder in Opus (East) LGSS People Solutions Ltd, a Joint Venture with Opus (East) (wholly owned by Suffolk CC), North Northants Council (NNC), West Northants Council (WNC) and Cambridgeshire County Council (CCC) to provide more cost effective interim and permanent employment services. Whilst the company is performing well the Council has received a small dividend to date and it is not viewed as material for Group Accounts.

### Non-Current asset Disposals

Major non-current asset disposals during the year included:

- The newly built Watling Primary School transferred to Academy upon operational status £9.562m
- Conversion of Lavendon Primary Schools to Academy Status £1.128m
- Transfer of Conniburrow Pavilion and Playing Fields to Great Linford Parish Council £2.264m

Other non-current asset disposals include the sale of Council dwellings main stock of 44 properties for £3.248m and Council dwellings shared ownership stock of 4 part properties for £0.179m.

## Contingencies, Provisions and Material Write-offs

During 2023/24 Milton Keynes City Council raised general debts (including adult social care, rents and traded services) totalling £119.330m. The in-year collection rate is 92.06% based on the value of invoices raised and cleared by year end. The total debt written off in 2023/24 is £0.648m.

The Council has 6 Contingent Assets and Liabilities which are detailed in note 29 to the accounts.

The total provisions in the Balance Sheet at 31 March 2024 were £13.040m, of which £6.786m relates to the business rate appeals provisions, £4.490m Insurance Provisions, £0.905m for planning appeals provision and £0.678m Term Time Only Provision. Further details can be found in note 28 to the Account.

## Annual Investment Strategy

CIPFA and Department for Levelling Up, Housing and Communities (DLUHC) guidance requires Councils to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults as well as the risk of receiving unsuitably low investment income.

The Treasury Management Strategy Statement (TMSS) for 2023/24, which included the Annual Investment Strategy, was approved by Council on 22 February 2023. It set our investment priorities as being:

- Security of Capital;
- Liquidity; and then
- Yield

UK interest rates remainder volatile throughout 2023/24. Bank rate increased from a starting point of 4.25% to a peak of 5.25% by August 2023 and by January 2024 the economy had begun to recover from a shallow recession and inflation was falling. Investment rates improved markedly in the first quarter of 2023/24 and peaked by September 2023 with market focus turning towards the timing of ensuing cuts. This led to a tactical approach change to lock into existing higher rates for longer durations to maximise returns and delay the unavoidable impact of falling rates.

At the 31 March 2024, the Council held £361.310m invested with various financial institutions (including total accrued interest of £6.553m); of this amount £98.224m has been classified as cash equivalents in accordance with Accounting Policy F, £249.364m has been classified as short-term investments, and £13.722m has been classified as long-term investments.

## Expenditure – Borrowing

Although capital expenditure plans are the primary driver of the Council's borrowing requirement, loans are not attached to particular capital schemes and actual borrowing is a separate aggregated treasury management decision based on cashflow analysis.

During 2023/24, £13m of maturity loans and a further £3.215m annuity loan principal repayments were made to the Public Works Loan Board (PWLB) in line with loan agreements. Furthermore, in August 2023, the Council repaid early a £5m Lender Option Borrower Option (LOBO) loan that had been due to mature in November 2041 at £0.6m premium cost. No new loans to fund expenditure on capital projects were undertaken.

At the end of the financial year the Council had outstanding external borrowing totalling £419.869m. This full amount (including accrued interest of £2.541m) represents funding of capital projects. Further details of the composition of this sum can be found in the note 27 to the Financial Statements.

It was not necessary during the year for the Council to borrow temporary funds for cash flow purposes. Consequently, there were no temporary loans outstanding at 31 March 2024. Depending upon economic conditions and cash availability to borrow internally, the Council may consider undertaking new borrowing in 2024/25 to finance HRA capital investment.

### Further Information

For information please contact: [CorporateFinance@milton-keynes.gov.uk](mailto:CorporateFinance@milton-keynes.gov.uk)

Our accounts are audited by KPMG.

# Independent Auditor's Report to the Members of Milton Keynes City Council

## REPORT ON THE AUDIT OF THE COUNCIL'S FINANCIAL STATEMENTS

### Disclaimer of opinion

We were engaged to audit the financial statements of Milton Keynes City Council ("the Council") for the year ended 31 March 2024 which comprise the Group and Council Comprehensive Income and Expenditure Statements, Group and Council Balance Sheets, Group and Council Movement in Reserves Statements, Group and Council Statements of Cash Flows, Collection Fund, Housing Revenue Account and the related notes, including the Expenditure and Funding Analysis and the accounting policies.

We do not express an opinion on the financial statements. Due to the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (the "Amendment Regulations") require the Council to publish its financial statements and our opinion thereon for the year ended 31 March 2024 by 28 February 2025 (the "Backstop Date").

We have been unable to obtain sufficient appropriate audit evidence over a number of areas of the financial statements as we have been unable to perform the procedures that we consider necessary to form our opinion on the financial statements ahead of the Backstop Date. These areas were short-term and long-term grants for both revenue and capital received in advance, income from capital grants and contributions, and the balance of, and movements in usable and unusable reserves for the year ended 31 March 2024 and the closing reserves balances as at 31 March 2024 in relation to both the Group and the Council.

In addition, we have been unable to obtain sufficient appropriate evidence over the disclosed comparative figures for the year ended 31 March 2023 due to the Backstop Date. Therefore, we were unable to determine whether any adjustments were necessary to the opening balances as at 1 April 2023 or whether there were any consequential effects on the Group's and the Council's income and expenditure for the year ended 31 March 2024.

Any adjustments from the above matters would have a consequential effect on the Group's and the Council's net assets and the split between usable reserves, including the Housing Revenue Account, and unusable reserves as at 31 March 2024 and 31 March 2023, the Collection Fund and on their income and expenditure and cash flows for the years then ended.

### Fraud and breaches of laws and regulations – ability to detect

As stated in the Disclaimer of opinion section of our report, we do not express an opinion on the financial statements due to the reasons described in the *Basis for disclaimer of opinion* section of our report.

## **Other information**

The Director of Finance and Resources is responsible for the other information, which comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Any opinion on the financial statements would not cover the other information and we do not express an opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Due to the significance of the matter described in the *Basis for disclaimer of opinion* section of our report, and the possible consequential effect on the related disclosures in the other information, whilst in our opinion the other information included in the Statement of Accounts for the financial year is consistent with the financial statements, we are unable to determine whether there are material misstatements in the other information.

## **Director of Finance and Resources' and Audit Committee's responsibilities**

As explained more fully in the statement set out on page 24, the Director of Finance and Resources is responsible for the preparation of financial statements in accordance with CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's and the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the government of the intention to either cease the services provided by the Group and the Council or dissolve the Group and the Council without the transfer of their services to another public sector entity.

The Audit Committee of the Council is responsible for overseeing the Council's financial reporting process.

## **Auditor's responsibilities**

Our responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing (UK), and to issue an auditor's report. However, due to the significance of the matter described in the *Basis for disclaimer of opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard.

## **REPORT ON OTHER LEGAL AND REGULATORY MATTERS**

### **Report on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources**

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the "NAO Code of Audit Practice"), we are required to report to you if we identify any significant weaknesses in the arrangements that have been made by the Council to secure economy, efficiency and effectiveness in its use of resources.

We have nothing to report in this respect.

### **Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

The Council is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are required under section 20(1) of the Local Audit and Accountability Act 2014 to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively. We are also not required to satisfy ourselves that the Council has achieved value for money during the year.

We planned our work and undertook our review in accordance with the NAO Code of Audit Practice and related statutory guidance, having regard to whether the Council had proper arrangements in place to ensure financial sustainability, proper governance and to use information about costs and performance to improve the way it manages and delivers its services. Based on our risk assessment, we undertook such work as we considered necessary.

### **Statutory reporting matters**

We are required by Schedule 2 to the NAO Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 and Schedule 7 of the Local Audit and Accountability Act 2014; or
- we make written recommendations to the Council under Section 24 and Schedule 7 of the Local Audit and Accountability Act 2014; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in this respect.

## **THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES**

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

## **DELAY IN CERTIFICATION OF COMPLETION OF THE AUDIT**

As at the date of this audit report, we have not yet completed our work in respect of the Council's Whole of Government Accounts consolidation pack for the year ended 31 March 2024.

Until we have completed this work, we are unable to certify that we have completed the audit of the financial statements of Milton Keynes City Council for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the NAO Code of Audit Practice.

Andrew Cardoza  
for and on behalf of KPMG LLP  
Chartered Accountants  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

26 February 2025



## Statement of Responsibilities

### The Council's Responsibilities

The Council is required:

- a) to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Chief Finance Officer;
- b) to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- c) to approve a Statement of Accounts.

Councillor Martin Petchey

Chair of the Audit Committee

Date: 25 February 2025

### The Responsibilities of the Chief Finance Officer

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

In preparing this Statement of Accounts, the Chief Finance Officer has:

- a) selected suitable accounting policies and then applied them consistently;
- b) made judgements and estimates that were reasonable and prudent;
- c) complied with the Local Authority Code.

The Chief Finance Officer has also:

- a) kept proper accounting records which are up to date;
- b) taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Statement of Accounts provides a true and fair view of the Council's financial position of the authority at the reporting date, and of its income and expenditure for the year ended 31 March 2024.

Steve Richardson

Director of Finance and Resources

Date: 25 February 2025

## Accounting Policies

### a) General Principles

---

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The authority is required to prepare an annual Statement of Accounts in accordance with the Accounts and Audit Regulations 2016 which require the Accounts to be prepared in accordance with proper accounting practices. These practices, under section 21 of the Local Government Act 2003 primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12, of the 2003 Act.

The accounting policies have been applied consistently in dealing with items considered material to present a true and fair view of the financial position and transactions of the Council.

#### Going Concern

The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Local authorities carry out functions essential to the local community and are themselves revenue raising bodies (with limits on their revenue raising powers, arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis. The Councils accounts are therefore produced under the Code and assume that the Councils services will continue to operate for the foreseeable future.

The Council has undertaken an assessment of the financial position, the key risks and put in measures to address these, some of which continue to operate to ensure that the Council remains financially sustainable.

#### 2023/24

##### Financial year

The Council's 2023/24 budget and Medium Term Financial Plan 2023/24 – 2026/27 was approved by Council on the 7 February 2023. Details of which can be found here [Issue - items at meetings - Council Budget 2023/24 | Milton Keynes City Council \(modern.gov.co.uk\)](#)

The Council's 2023/24 reported outturn shows an underspend of (£0.442m) for the year. This has increased the General Fund Balance to £34.608m.

## 2024/25

### Budget

Our Budget and Medium-Term Financial Planning is based on 12 core principles, which have and continue to be endorsed by the Cabinet:

- Emerging pressures are managed, where possible within existing budgets.
- Spending is aligned to key priorities as set out in the Council Plan.
- Income is only included in the budget, where supported by robust proposals and is deliverable.
- Future liabilities are anticipated.
- Budgets are sustainable.
- Base Budget / one-off expenditure/ capital expenditure are distinguished.
- Savings proposals are supported by implementation plans and the impact on service delivery is clear.
- The allocation of capital resources is separate from expenditure approval.
- Capital and revenue planning needs to be integrated to ensure implications are fully anticipated.
- The use of specific grant funding does not lead to revenue budget pressures.
- The Council's reserves (and other one-off resources) are not to be used as a primary method to balance the ongoing pressures in the budget.
- Earmarked reserves are used for specific one-off purposes to support the delivery of corporate objectives and to mitigate risks.

The Councils approach to budget planning aims to balance the uncertainty from both government funding decisions and general economic factors through a measured approach to delivering new savings, holding prudent levels of reserves and putting in place change programmes which can deliver future efficiencies over a longer timescale. It is recognised that if government support is withdrawn or the wider economic impact is worse than predicted then the Council would need to reconsider the scope of services that it can provide.

Over the Medium Term the Council had a projected budget gap of £25.315m, with £20.308m of this arising in 2026/27 which is mainly due to the Business Rates Reset assumption.

A key part of the budget is the review of key financial risks. We have reassessed the budgetary risks and where possible looked to mitigate these. It should be noted however that most of the significant risks are not within the direct control of the Council, and it is therefore critical in setting a robust and legal budget that we make sufficient provision within service budgets using available evidence to manage reasonable variations.

The key external risks are summarised below:

- Service Cost – Demand and Pricing
- Service – Fees and Charges
- Commercial Contract Risks
- Critical Service Performance Failure
- Supporting our Residents
- Government Funding
- Balance Sheet Risks
- Major Events

Further details on these external risks are included in the narrative report page 13.

### Medium Term Financial Plan Forecasted Gap

Summarised below our current view on the MTFP position which shows that by 2027/28 we have a projected gap of £25.315m.

2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Total £m
0.000	2.637	20.308	2.370	25.315

The position will be updated on a quarterly basis in 2024/25 as new pressures and funding assumptions change.

### Reserves

The Council continues to hold a strong level of financial reserves and has increased further its General Fund Working Balance. In addition to this the Council also holds separate risk reserves for a number of other key business areas providing a further risk buffer. Further detail are outlined in the Narrative Statement and Note 10 to the Financial Statements.

### Commercial Activity

The Council has very limited commercial income within its General Fund budget and has not undertaken commercial property transactions in the way that some other authorities have.

The Council owns MKDP to which it has originally provided a commercial loan facility of up to £22m, the loan has since been repaid, however MKDP do have a revolving cashflow facility with MKCC. This loan is reflected in the Balance Sheet under short-term Investments with the loan amount outstanding at 31 March 2024 standing at £5.882m. During 2023/24 the Council received a dividend payment of £1.903m and accrued for the loan interest payments of £0.132m. From 2024/25 onwards, the Council has forecast to receive £0.150m in loan interest payments and has budgeted for £2.503m of dividend payments. There are no concerns about MKDP's ability to service the loan commitment or dividend payment, which are paid in full and on time.

## Cashflow

On 31 March 2024 the Council held £361.310m of investments including accrued interest (excluding MKDP loan); of which £98.2m was held in liquid cash instruments, £85.1m in investments with less than three months to maturity, £158.2m with between three months and one year to maturity, and £13.9m with greater than one year to maturity. Investment balances are projected to fall to c. £297.5m by 31 March 2025 as the short-term cashflow impact from various government grants received upfront reduces and programmed capital spending is financed (subject to slippage). External Borrowing on 31 March 2024 stood at £419.9m including accrued interest, of which £15.9m is due for repayment within 12 months. Should no new external borrowing take place during the next 12 months, the balance outstanding on 31 March 2025 would be £405.4m. The Council continues to have a very strong cashflow position to repay its external debt & liabilities as they fall due. Further information can be found in the Council's Treasury Management Strategy and Capital Strategy.

The Council remains in a stable financial position and is continuing to work on addressing the medium term financial pressures to ensure that it continues to remain financially strong. The Council therefore remains a going concern.

## b) Accruals of Income and Expenditure

---

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

- Revenue from the sale of goods is recognised when the authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the authority;
- Revenue from the provision of services is recognised when the authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the authority;
- 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;
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet;
- Interest payable on borrowings and receivable on investments is 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 income 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 it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected;

- Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year;
- Annual leave that has not been taken at 31 March is accrued and full details can be found in Accounting Policy H – Employee Benefits.

### c) Fair Value Measurement

---

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

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

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

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

## d) Acquired and Discontinued Operations

---

IFRS5 defines a discontinued operation as a component of an entity that either has been disposed of or is classified as held for sale, and:

- represents either a separate major line of business or a geographical area of operations, and;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or;
- is a subsidiary acquired exclusively with a view to resale and the disposal involves loss of control.

The surplus or deficit on discontinuing the operation is presented as a single amount on the face of the Comprehensive Income and Expenditure Statement where applicable.

## e) Capital Receipts

---

The treatment and usage of capital receipts is accounted for in accordance with the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended).

Milton Keynes City Council has entered into an agreement in accordance with Section 11(6) of the Local Government Act 2003; this enables the Council to retain additional Capital Receipts which must be used towards the provision of new affordable housing. A maximum of 40% from 1 April 2021 (an increase from the previous 30% cap in 2020/21) of the expenditure incurred on new affordable housing can be funded using these receipts.

## f) Cash and Cash Equivalents

---

Cash is represented by cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours.

Cash equivalents are highly liquid investments held for cash flow purposes that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

## g) Charges to Revenue for the use of Non-Current Assets

---

Service revenue accounts and support services 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 against which the losses can be written off;
- Amortisation of intangible assets attributable to the service.

External interest payable is charged to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement calculated in accordance with Accounting Policy K (Minimum Revenue Provision or MRP). Depreciation, revaluation and impairment losses and amortisation are adjusted through the Capital Adjustment Account in the Movement in Reserves Statement in order that there is no impact on the level of Council Tax.

## h) Employee Benefits

---

### Benefits Payable during Employment

Short term employee benefits are those due to be settled wholly within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year end which employees are permitted to carry forward into the next financial year. The accrual is made at the wage and salary rate applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that the holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Untaken leave is accrued on the basis of actual leave untaken at 31 March 2024 for non-school staff and a calculation of the accrued benefit for schools staff based on the number of days in each term.

### 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. Benefits are charged on an accruals basis to the appropriate service or,



where applicable, to the Non Distributed Costs line 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 of restructuring and involves the payment of termination benefits.

### Post-Employment Benefits

Employees of the Council are entitled to become members of one of two separate pension schemes according to the terms of their employment:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DFE);
- The Local Government Pension Scheme, administered by Buckinghamshire County Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council. However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified to the Council. The teachers' scheme is therefore accounted for as if it were a defined contribution scheme; no liability for future payments of benefits is recognised in the Balance Sheet. The Children's Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

On 1 April 2013 the statutory responsibility for Public Health activities transferred to the Council from the NHS primary care trusts. There were 14 members of staff who transferred along with their pensions in the NHS pension's scheme to the Council, of which one member remains. This scheme is not available for other current Milton Keynes City Council staff to participate in. The pension contributions are included within the Comprehensive Income and expenditure Statement, but full disclosure is not considered to be material to include in note 37 to the Financial Statements.

### Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme. The liabilities of the Buckinghamshire pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method (i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and projected earnings for current employees).

Liabilities are discounted to their value at current prices using a discount rate of 4.95% (2.10% real). The assets of the Local Government Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

The assets of the Local Government Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

- Quoted Securities – Current Bid Price;
- Unquoted Securities – Professional Estimate;
- Unitised Securities – Current Bid Price;
- Property – Market Value.

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

Service cost comprising:

- Current Service Cost – the increase in liabilities as a result of years of service earned this year, allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- Past Service Cost – the increase or decrease in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years, charged to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement;
- Any gain or loss on settlement – arising when an authority enters into a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan.
- Net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

Re-measurements comprising:

- The return on plan assets – excluding amounts included in net interest on the defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial Gains and Losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuary has updated its assumptions – charged to the Pensions Reserve as other Comprehensive Income and Expenditure.

Administrative expenses are now accounted for within the Comprehensive Income and Expenditure Statement; previously the actuary made a deduction to the actual and expected return on assets.

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

The accounting treatment for pension's benefits is in accordance with International Financing Reporting Standard (IAS) 19. This is a complex accounting standard, but it is based on a simple principle – that the Council has to account for accumulated retirement benefits earned at the Balance Sheet date, even if the actual benefits are paid out over many years into the future.

In relation to retirement benefits, statutory provisions require the General Fund and Housing Revenue Account balance to be charged with the amount payable by the Council to the pension fund in year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year end. The negative balance that arises on the Pension Reserve measures the beneficial impact to the General Fund and Housing Revenue Account of being required to account for retirement benefits, on the basis of cash flows rather than as benefits that are earned by employees.

Full disclosures in respect of the Local Government Pension Scheme can be found in note 37 to the Financial Statements.

### Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of any early retirements. Any liabilities estimated to arise as a result of an award to any members 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.

### i) Material Events After The Balance Sheet Date

---

Events after the Balance Sheet reporting period are those events, which could be favourable or unfavourable, that occur between the Balance Sheet date and the date that the Financial Statements are authorised for issue.

Events can be classified as adjusting or non-adjusting, with definitions as follows:

- Adjusting - An event after the reporting period that provides further evidence of conditions that existed at the end of the reporting period, including an event that indicates that the going concern assumption in relation to the whole or part of the Council is not appropriate;
- Non-Adjusting - An event which takes place after the reporting period that is indicative of a condition that arose after the end of the reporting period.

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

The Council discloses details of any such events at Note 9 to the Financial Statements.

## j) Exceptional Items and Prior Period Adjustments

---

Exceptional items are included in the cost of the service to which they relate or on the face of the Comprehensive Income and Expenditure Statement if such a degree of prominence is required for a fair view of the accounts. A disclosure note is provided where the authority has any exceptional items in the Accounts (there were none in 2023/24).

Prior period adjustments that are the result of corrections and adjustments arising from the use of estimates inherent in the accounting process are adjusted in the accounts in the year that they are identified. However, prior period adjustments arising from changes in accounting policies or from the correction of fundamental errors are accounted for by restating the comparative figures for the preceding period in the Statement of Accounts and notes and by adjusting the opening balance of reserves for the cumulative effect. Details of any Prior Period Adjustments are fully explained as a note to the accounts where applicable.

## k) Financial Instruments

---

### Financial Liabilities:

Financial liabilities are recognised on the Balance Sheet when the authority becomes party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective interest rate for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and any 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 and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund and Housing Revenue Account Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund and Housing Revenue Account Balance is managed by a transfer to or from the Movement in Reserves Statement, taken to or from the Financial Instrument Adjustment Account.

## Soft Loan:

A soft loan is a loan which carries a favourable rate of interest compared to market rates. The Council does not hold any soft loans.

## Debt Redemption:

The Council sets aside a statutory amount each year from its General Fund Revenue Account for debt redemption, in the form of a Minimum Revenue Provision (MRP), as required by the Local Authority (Capital Finance and Accounting) regulations.

## Debt Restructuring:

In August 2023 the Council repaid its only Lender Option Borrower Option (LOBO) of £5.0m that had been due to mature in November 2041. This loan carried a coupon rate of 6.62% and redemption was priced at a discount rate of 5.56%, which represented a much higher discount rate than could be achieved in the last 10 years. This proposal also compared favourably against PWLB redemption rates and the early repayment of PWLB loans instead. A premium cost of £0.6m was incurred which in line with accounting regulations is to be charged against the General Fund over the unexpired period remaining (18 years).

## Financial Assets:

Financial Assets are classified based upon a classification and measurement approach that best reflects the business model for holding such assets and their cashflow characteristics. The three main classes are:

- Amortised cost;
- Fair Value through profit or loss (FVPL), and;
- Fair Value through other comprehensive income (FVOCI).

The Council's policy is to hold investments to collect contractual cash flows. Financial assets are therefore classified at amortised cost, except those whose contractual payments are not solely either payments of principal or interest.

## Amortised cost:

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially measured at Fair Value. They are subsequently measured at their amortised cost. Credits to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset at the effective rate of interest. For most of the financial assets held by the Council, this means the amount presented on the Balance Sheet is the outstanding principal receivable plus accrued interest. Interest credited to the Comprehensive Income and Expenditure Statement is therefore the amount receivable for the year per the contractual provisions.

### Fair Value through Profit or Loss:

Financial assets that are measured at Fair Value through Profit or Loss are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are measured at Fair Value. Fair Value gains and losses are recognised in the Surplus or Deficit on the Provision of Services line of the Comprehensive Income and Expenditure Statement.

The fair value measurements are based on the following techniques:

- Instruments with quoted market prices, or;
- Discounted cashflow analysis based on fixed and determinable payments.

The inputs to measurement techniques are categorised in accordance with the following three levels:

- Level 1 – quoted prices in active markets for an identical asset that the Council can access at the measurement date;
- Level 2 – inputs other than quoted prices included with Level 1 that are observable for the asset, either directly or indirectly, or;
- Level 3 – unobservable inputs for the asset.

Any gains or losses that arise on derecognition of the assets are credited or debited to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.

The Council holds a £15.0m (cash terms) long-term investment in the CCLA Local Authority Property Fund (LAPF). Ordinarily under IFRS 9, annual movements in Fair Value would represent a gain or loss that should be charged to the revenue account. The Government has introduced a time-limited statutory override requiring Local Authorities to reverse out fair value movements on pooled investment funds to an unusable reserve, thus mitigating the impact on the revenue account. This arrangement has been extended and is currently due to expire on 31 March 2025. At 31 March 2024 the bid price of the Council's holding (excluding accrued interest) in the CCLA LAPF was £13.7m (£14.4m in 2022/23).

### Fair Value through Other Comprehensive Income:

Financial assets that are measured at Fair Value through Other Comprehensive Income (FVOCI) are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are measured at Fair Value. Fair Value gains and losses are recognised in the Financial Instruments Revaluation Reserve on the Balance Sheet. Any gains or losses that arise on derecognition of the assets are credited or debited to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.

The Council does not hold any investments classified as FVOCI. Future investments that meet the criteria may be elected to FVOCI upon initial recognition, subject to review.

## Expected Credit Loss Model:

IFRS 9 requires an Expected Credit Loss model calculation for impairment of financial assets which requires the Council to assess the potential probability risk of default, the likely loss given a default event, and the altered timing of payments on relevant financial assets, as opposed an assessment based on evidence that a default has taken place.

The Council recognises material expected credit losses on financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivable.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could potentially default on their obligations. The Councils Treasury Management Strategy sets out the framework for assessing counterparty credit risk and the techniques applied to monitor, manage and mitigate those risks. Credit risk plays a crucial part in assessing potential losses. Where the risk has not increased significantly since initial measurement or remains low, losses are assessed on the basis of 12-month expected losses. Where the risk has increased significantly since initial measurement, losses are assessed on a lifetime basis.

Loss allowances reduce the carrying amount of financial assets on the Balance Sheet and are charged either against the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement, or for financial assets classed as capital expenditure, the Capital Adjustment Account. On derecognition, the loss allowance is reversed and the carrying amount of financial assets on the Balance Sheet reinstated.

## l) Government Grants and Other Contributions

---

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The authority will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as short term or long term receipts in advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (for attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income line (for non-ring

fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund and Housing Revenue Account 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 Grant Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

A Business Improvement Districts (BID) scheme applies in Central Milton Keynes. The scheme is funded by a BID levy paid by non-domestic ratepayers. The authority acts as a principle under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the Comprehensive Income and Expenditure Statement.

#### m) Housing Revenue Account Self-Financing

---

Following the introduction of the Housing Self-Financing regime in March 2012, the Council initially adopted a single pool approach to managing external borrowing (interest costs apportioned between the General Fund and Housing Revenue Account in proportion to debt held by each at a consolidated rate of interest). From 2021/22 the Council has chosen to adopt a two-pool approach, whereby the Council's external borrowing loans have been equitably split into two separate pools (one for General Fund and one for Housing Revenue Account). This approach allows each respective funds to pursue its own debt strategy most appropriate to its capital programme and refinancing objectives. Any new loans raised will be added to the respective fund's loans pool.

#### n) Insurance

---

To obtain insurance cover in the most cost effective manner the Council arranges its insurance by utilising a mix of self-insured and externally insured arrangements. Where the Council buys external insurance it generally does so with substantial self-insurance arrangements (excesses) for any claims and always via fully regulated and recognised insurance providers.

Internal funds are maintained to cover those claims that fall below the policy excess or are not catered for within the Council's insurance arrangements. These funds are based on an actuarial review of the total potential liability that the Council could incur up to the 31 March 2024. Set out below are the risks and levels to which the Council self-insures or is responsible for self-financing, anything in excess of these figures would be, subject to insurance policy terms and conditions, insured.



## o) Interest in Companies

---

The Comprehensive Income and Expenditure Statement reflect all of the Council's revenue activities. The Balance Sheet has been prepared by aggregating the account balances of all of the Council's services and funds.

The Council is invited to appoint Councillors to many entities of local, regional and national significance. These appointments have been examined; together with Councillors' own declarations of interest and also those of the Corporate Leadership Team. No material reportable interests were identified. Minority interests in companies are detailed in note 36 to the Financial Statements.

The Council wholly owns Milton Keynes Development Partnership (MKDP) LLP and DevelopMK Ltd (established in March 2020). Further details of these bodies can be found in the Group Accounts note.

## p) Investment Property

---

Investment property is property (land or a building, or part of a building, or both) that is held solely to earn rentals or for capital appreciation or both. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

An investment property is recognised as an asset when and only when:

- It is probable that the future economic benefits that are associated with the investment property will flow to the entity, and;
- The cost or fair value of the investment property can be measured reliably.

Investment properties are measured at cost initially. The cost of an investment property includes its purchase price, transaction costs and directly attributable expenditure. After initial recognition, investment properties are measured at fair value. The fair value of an investment property reflects market conditions at the Balance Sheet date. Investment properties are not depreciated but are revalued annually according to market conditions at the end of each year.

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. See Accounting Policy C on Fair Value Measurement for a more detailed explanation of the valuation techniques adopted.

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, revaluations and disposals gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital

Adjustment Account and for any sale proceeds greater than £10,000 to the Capital Receipts Reserve.

## q) Leases

---

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

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

### The Authority as Lessor

#### Finance Leases

Where the authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. This is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

For Academy Schools, where finance leases have been granted at peppercorn rents, no long term debtors are created.

#### Operating Leases

Where the authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the appropriate service area on a straight line basis over the life of the lease.

## r) Non Domestic Rates

---

The Local Government Finance Act 2012 amended the 1988 Local Government Finance Act to give local authorities the power to retain a proportion of funds obtained from business rates in their area.

The changes under the 'Localisation of Business Rates' mean that from April 2013, local authorities retain a share of the income they collect from business rates as funding to meet the cost of service provision. Previous to this date, all business rates collected in England were paid to Central Government from the billing authorities, and a proportion was then paid back to each authority as Formula Grant.

The Department of Levelling Up, Housing & Communities guidance requires each billing authority to set a Business Rate Baseline each year. This baseline will be the authority's

estimate of the business rates it forecasts to collect in the following financial year, net of any reductions such as reliefs and estimated cost of reductions to the rating list. As such, the business rates the Council collected and retained need to be adjusted for the anticipated outcome of Check, Challenge & Appeal cases that are awaiting settlement by the Valuation Office Agency.

The provision was calculated using a combination of specific rating information, a forecast of potential impact provided by a commissioned industry expert and in-house local knowledge.

### s) Overheads

---

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

### t) Property, Plant and Equipment

---

Property, Plant and Equipment (PPE) are assets that have physical substance and are held for use in the provision of services, or for administrative purposes, and are expected to be used for more than one financial year.

#### Recognition:

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accrual basis, provided that it yields benefits to the Council and the services that it provides last for more than one financial year. Expenditure that secures but does not extend the previously assessed standard of performance of an asset (e.g. repairs and maintenance) is charged to revenue as it is incurred.

The Foundation Schools' assets are not included within Milton Keynes City Council's Property, Plant and Equipment.

#### Measurement:

Assets are carried in the Balance Sheet using the following measurement bases and with a guideline de-minimus level of £20,000:

- Community assets (excluding investment property) - depreciated historical cost.
- Assets under construction – historical cost.
- Council dwellings – current value is determined using the basis of existing use value for social housing.
- Council offices – current value, determined as the amount that would be paid for the asset in its existing use.
- School buildings – current value, because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value.
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.

- All other classes of asset – current value, determined as the amount that would be paid for the asset in its existing use.

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of current value. Assets included in the Balance Sheet at carrying amount are revalued where there have been material changes in the value, but as a minimum every five years.

### Estimation Techniques:

The accounting policy specifies the basis on which an item is measured. However, where there is uncertainty over the monetary amounts corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes in reserves the amount is arrived at using an estimation technique that most closely reflects the economic reality of the transaction.

### Disposals:

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying amount of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for disposals are categorised as capital receipts. The usable proportion of housing capital receipts is net of amounts subject to the pooling arrangements under the Local Government Act 2003. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the reserve from the General Fund and Housing Revenue Account Balance in the Movement in Reserves Statement.

The net cost 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 and Housing Revenue Account Balance in the Movement in Reserves Statement.

### Impairment:

At the end of each reporting period an assessment is undertaken to determine whether there is any indication that assets may be impaired.

If any indication exists, the recoverable amount is estimated having regard to the concept of materiality in identifying whether the recoverable amount of any specific asset needs to be estimated.

All impairment losses on re-valued assets are recognised in the Revaluation Reserve up to the amount in the Revaluation Reserve for each respective asset. Any excess is charged to the relevant Cost of Service in the Comprehensive Income and Expenditure Statement.

### Impairment Losses and Revaluation Losses:

A clear distinction is made between impairment losses and revaluation losses. Impairment losses are those attributable to consumption of economic benefit or a fall in prices that are specific to an asset.

Revaluation losses are any related losses attributable to a general fall in prices that are not specific to an asset.

As with impairment losses, the relevant service revenue account will be charged when the balance on the Revaluation Reserve for any specific asset has been used in full against the relevant revaluation loss.

### Depreciation:

Depreciation is provided for on all assets with a determinable finite life (except for investment properties, assets held for sale and land), by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use.

Depreciation is provided in accordance with the following policy on all assets (except for investment properties) where, at the time of acquisition or revaluation, a finite useful life can be determined:

- a) Newly acquired assets are depreciated from the year following acquisition. Assets in the course of construction are not depreciated until they are brought into use;
- b) Depreciation is calculated by allocating the costs (or re-valued amounts), less the estimated residual value of the relevant assets, on a straight line basis over their useful economic lives. This is deemed to be the most appropriate method given the nature of the assets held by the Council;
- c) Depreciation is calculated on the opening balances. Transactions in year including additions and revaluations are not charged depreciation until the following year;
- d) The bases for calculating the lives of different classes of assets at acquisition are as follows:

Property, Plant & Equipment: Other Buildings, Community Assets and Surplus Assets	Up to 60 years life from the completion date.
Property, Plant & Equipment: Council Dwellings	Actual life of Right To Buy Council Dwellings. Shared Ownership Dwellings not depreciated.
Property, Plant & Equipment: Vehicles, Plant and Equipment	Varies from 3 to 40 years according to the estimated life of each asset.
Investment Properties	Not depreciated.
Assets Held for Sale	Not depreciated.
Land	Not depreciated.

- e) The useful lives of assets are reviewed regularly. Where necessary, the life of an asset is revised and the carrying amount of the asset is then depreciated over the remaining useful life;
- f) Council Dwellings – for Right to Buy Council dwellings depreciation is calculated on an actual life basis. No depreciation is charged on Shared Ownership Dwellings;
- g) Revaluation gains are also depreciated. An amount equal to the difference between current value depreciation actually charged on assets and the depreciation that would have been charged based on their historical cost is transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

The Council has carried out component based depreciation for Housing Revenue Account properties from financial year 2017/18 onwards.

#### Revaluation Reserve:

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only (the date of its formal implementation when it was created with a zero balance). Gains arising before that date have been consolidated into the Capital Adjustment Account.

#### General Fund Componentisation:

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

Asset groups have been identified for property (building) assets which categorise assets with similar characteristics into relevant groups for their potential impact on depreciation calculations.

The average net book value (NBV) of each property (building) asset group has been used to set the de-minimus threshold level as illustrated on the materiality table for componentisation below:

The average NBV of each asset group has been compared with a materiality table to identify the relevant de-minimus level. The de-minimus level of each asset group will be reviewed annually.

Some specialist property sites have been assessed by using their individual net book values as their materiality level.

Property assets which are identified for review by the Valuer are assessed in relation to three types of component with useful lives as follows:

A component is considered to be significant if it is more than 10% of the total cost of the property asset (building).

The componentisation policy may be altered to fit individual circumstances where the Valuer deems it to be a better representation of the asset.

Derecognition of General Fund components is based on capital expenditure recognised as an addition in year to the component and is therefore treated as a disposal, using the addition value as a proxy.

### Housing Componentisation

The authority fully componentised its Housing Stock for the first time in 2017/18. The authority provided the Valuer with a list of components required.

In order to achieve this full componentisation, the Valuer prepared an assessment of Life Cycle and Replacement Costs for each Component under review, using their own experience of the sector and also referred to their Building Consultancy Department who are experienced in preparing Stock Condition Surveys and Audits of similar stock.

The Valuer varied their cost assessments by property size (ranked by number of bedrooms) in order to give a more representative assessment overall, further fine-tuned by applying a discount to flats in order to reflect their typically smaller size.

Finally, for each property address, the assessed Life Cycle for each component was compared to the previously assessed Life Cycle for the building element of that property.

Derecognition of Housing Council dwelling asset components is calculated on the basis that where capital expenditure recognised as an addition in year is greater than 50% of the existing component value the component has been replaced and is therefore treated as a disposal.

### u) Infrastructure Assets

---

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

## Recognition

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

## Measurement

Infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for infrastructure assets were originally recorded in Balance Sheet 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.

Milton Keynes City Council has balances of assets transferred at local government reorganisation which were transferred at their carrying value in 1997 when MKCC became a Unitary Authority.

## Depreciation

Depreciation is provided on the parts of the infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis.

Annual depreciation is the depreciation amount allocated each year.

Useful lives of the various parts of the highways network are assessed by the Highways Strategic Asset Manager and the Senior Engineer Structures using industry standards where applicable as follows:

## Disposals and derecognition

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal).

The written-off amounts of disposals are 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 transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement



## v) Provisions, Contingent Liabilities and Contingent Assets

---

### Provisions

Provisions are made where an event has taken place that gives the authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and expenditure Statement when the authority has an obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less probable that a transfer of economic benefit will now be required, the provision is reversed and credited back to the relevant service.

### Contingent Liabilities

A contingent liability arises where an event has taken place that gives the authority a possible obligation. Its existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

### Contingent Assets

A contingent asset arises where an event has taken place that gives the authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

## w) Reserves

---

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund and Housing Revenue Account in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Surplus or Deficit on the Provision of Services in the

Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund and Housing Revenue Account Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax or rent for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets (Revaluation Reserve, Capital Adjustment Account, financial instruments, retirement and employee benefits) do not represent usable resources for the Council – these reserves are explained in the relevant policies and note 30 to the Financial Statements.

#### x) Revenue Expenditure Funded from Capital Under Statute

---

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset is charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council 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 and Housing Revenue Account Balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of Council Tax. Types of expenditure in this category include improvement grants to owner-occupiers to improve the quality of the housing stock in the area.

#### y) VAT

---

Income and expenditure exclude any amounts related to Value Added Tax (VAT), as all VAT collected is payable to Her Majesty's Revenue and Customs (HMRC) and all VAT paid is recoverable from it.

#### z) Accounting for Schools

---

A maintained school is a school which is funded by the local education authority; these are divided into the following categories:

- Community Schools
- Foundation Schools
- Voluntary Schools
  - Voluntary Aided
  - Voluntary Controlled
- Community Special Schools

Schools that are maintained by Milton Keynes City Council are treated as follows:

- Income and Expenditure is taken through the Comprehensive Income and Expenditure Statement, and is reported against the Children's Services line within Cost of Services;
- Current assets and Liabilities are reported as part of the Council's Balance Sheet;

- Reserves held by the maintained schools are included in the Net Worth on the Balance Sheet within the Local Management of School (LMS) Reserve.
- Maintained school non-current assets are reported as such on the Council’s Balance Sheet, however:
  - Voluntary schools are reported at nil value on the Balance Sheet, except for some pieces of land used as playing fields.
  - Foundation schools are reported at nil value on the Balance Sheet.
  - Information is reviewed from both voluntary and foundation schools on an ongoing basis to establish if assets should be recognised on the Balance Sheet.

Academy Schools are not included on the Council’s Balance Sheet and the Income and Expenditure is not taken through the Comprehensive Income and Expenditure Statement as they are not within the control of the Council.

#### aa) Better Care Fund

---

In 2015/16 a single pooled budget known as the Better Care Fund (BCF) was created by Milton City Keynes Council (MKCC) in partnership with Milton Keynes Clinical Commissioning Group (MKCCG) now known as Integrated Care Board (ICB). The fund is comprised of revenue and capital. The purpose of the BCF is to improve the lives of some of the most vulnerable people in our society, placing them at the centre of their care and support, and providing them with ‘wraparound’ fully integrated health and social care, resulting in an improved experience and better quality of life. In 2023/24 the fund received £29.277 million for BCF; improved Better Care Fund; Hospital Discharge and Dedicated Facilities Grant to spend across various Adult Social Care and Health projects which were evaluated and monitored by the partners throughout the year to ensure their desired objectives were achieved and to agree the reallocation of funds if required.

Milton Keynes City Council’s share of the Income and Expenditure is included within the Comprehensive Income and Expenditure Statement and the Assets & Liabilities in the Balance Sheet.

## Comprehensive Income and Expenditure Statement

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

2022/23			Note	2023/24		
Expenditure £'000	Income £'000	Net £'000		Expenditure £'000	Income £'000	Net £'000
150,132	(60,559)	89,573		175,432	(74,193)	101,239
13,089	(13,625)	(536)		15,296	(14,935)	361
259,073	(193,995)	65,078		273,637	(216,566)	57,071
13,517	(6,336)	7,181		15,997	(8,737)	7,260
44,374	(59,492)	(15,118)		56,665	(65,595)	(8,930)
8,771	(10,016)	(1,245)		10,689	(10,296)	393
86,592	(24,706)	61,886		145,118	(26,871)	118,247
71,984	(66,282)	5,702		73,121	(67,290)	5,831
1,523	(1,988)	(465)		1,573	(1,711)	(138)
5,825	(381)	5,444		3,675	(402)	3,273
2,635	(5,101)	(2,466)		1,152	(2,033)	(881)
<b>657,515</b>	<b>(442,481)</b>	<b>215,034</b>		<b>772,355</b>	<b>(488,629)</b>	<b>283,726</b>
		55,979	11			30,113
		(13,175)	12			3,334
		(278,620)	13			(362,702)
		<b>(20,782)</b>				<b>(45,529)</b>
		(37,175)	30.2a			(16,117)
		7,551	30.2a			7,146
		0	30.2d			0
		(346,458)	30.2e			(20,614)
		<b>(376,082)</b>				<b>(29,585)</b>
		<b>(396,864)</b>				<b>(75,114)</b>

## Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council tax (or rents) for the year. The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments. Detailed movements to usable reserves are set out at note 30.

	Total General Fund Balance	Total HRA Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2023</b>	(119,893)	(52,600)	(53,825)	0	(45,593)	<b>(271,911)</b>	(1,297,299)	<b>(1,569,210)</b>
<b>Movement in reserves during 2023/24</b>								
Surplus or deficit on the provision of services	(30,456)	(15,073)	0	0	0	<b>(45,529)</b>	0	<b>(45,529)</b>
Other Comprehensive Income / Expenditure	0	0	0	0	0		(29,585)	<b>(29,585)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>(30,456)</b>	<b>(15,073)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(45,529)</b>	<b>(29,585)</b>	<b>(75,114)</b>
Adjustments between accounting basis and funding basis under regulations	(53,442)	22,095	421	0	(2,323)	<b>(33,249)</b>	33,249	<b>0</b>
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>(83,898)</b>	<b>7,022</b>	<b>421</b>	<b>0</b>	<b>(2,323)</b>	<b>(78,778)</b>	<b>3,664</b>	<b>(75,114)</b>
Transfers to / from Earmarked Reserves	0	0	0	0	0	<b>0</b>	0	<b>0</b>
<b>Increase or Decrease in 2023/24</b>	<b>(83,898)</b>	<b>7,022</b>	<b>421</b>	<b>0</b>	<b>(2,323)</b>	<b>(78,778)</b>	<b>3,664</b>	<b>(75,114)</b>
<b>Balance at 31 March 2024</b>	<b>(203,791)</b>	<b>(45,578)</b>	<b>(53,404)</b>	<b>0</b>	<b>(47,916)</b>	<b>(350,689)</b>	<b>(1,293,635)</b>	<b>(1,644,324)</b>

	<b>Total General Fund Balance</b>	<b>Total HRA Balance</b>	<b>Capital Receipts Reserve</b>	<b>Major Repairs Reserve</b>	<b>Capital Grants Unapplied Account</b>	<b>Total Usable Reserves</b>	<b>Unusable Reserves</b>	<b>Total Reserves</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance at 31 March 2022</b>	(153,710)	(70,862)	(30,366)	0	(39,770)	<b>(294,708)</b>	(877,638)	<b>(1,172,346)</b>
<b>Movement in reserves during 2022/23</b>								
Surplus or deficit on the provision of services	(20,974)	192	0	0	0	<b>(20,782)</b>	0	<b>(20,782)</b>
Other Comprehensive Income / Expenditure	0	0	0	0	0	<b>0</b>	(376,082)	<b>(376,082)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>(20,974)</b>	<b>192</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(20,782)</b>	<b>(376,082)</b>	<b>(396,864)</b>
Adjustments between accounting basis and funding basis under regulations	54,791	18,070	(23,459)	0	(5,823)	<b>43,579</b>	(43,579)	<b>0</b>
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>33,817</b>	<b>18,262</b>	<b>(23,459)</b>	<b>0</b>	<b>(5,823)</b>	<b>22,797</b>	<b>(419,661)</b>	<b>(396,864)</b>
Transfers to / from Earmarked Reserves	0	0	0	0	0	<b>0</b>	0	<b>0</b>
<b>Increase or Decrease in 2022/23</b>	<b>33,817</b>	<b>18,262</b>	<b>(23,459)</b>	<b>0</b>	<b>(5,823)</b>	<b>22,797</b>	<b>(419,661)</b>	<b>(396,864)</b>
<b>Balance at 31 March 2023</b>	<b>(119,893)</b>	<b>(52,600)</b>	<b>(53,825)</b>	<b>0</b>	<b>(45,593)</b>	<b>(271,911)</b>	<b>(1,297,299)</b>	<b>(1,569,210)</b>

## 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.

2022/23 Restated*	Note		2023/24
£'000			£'000
1,533,525	22.1	Property, Plant and Equipment	1,587,899
254,780	22.2	Infrastructure Assets	267,831
830		Heritage Assets	826
109,052	23	Investment Property	101,232
1,147		Intangible Assets	726
14,279	33a	Long-Term Investments	13,722
11,111	25a	Long-Term Debtors	3,372
<b>1,924,724</b>		<b>Long Term Assets</b>	<b>1,975,608</b>
221,403	33a	Short-Term Investments	249,323
9,521	22.3	Assets Held for Sale	9,406
71		Inventories	174
115,835	25b	Short-Term Debtors	92,201
226,419	31	Cash and Cash Equivalents	101,620
<b>573,249</b>		<b>Current Assets</b>	<b>452,724</b>
(23,085)	27b	Short-Term Borrowing	(15,879)
(231,184)	26	Short-Term Creditors	(117,956)
(6,531)	28	Provisions	(6,254)
(83,566)	21	Grants Receipts in Advance - Revenue	(80,058)
(12,155)	21	Grants Receipts in Advance - Capital	(12,677)
<b>(356,521)</b>		<b>Current Liabilities</b>	<b>(232,824)</b>
(7,350)	28	Provisions	(6,786)
(417,328)	27b	Long-Term Borrowing	(403,990)
(4,004)	34	Other Long-Term Liabilities - Finance Lease	(3,988)
(33,249)	36	Other Long-Term Liabilities - Pensions Liability	(6,174)
(101,089)	21	Grants Receipts in Advance - Revenue	(121,246)
(9,222)	21	Grants Receipts in Advance - Capital	(9,000)
<b>(572,242)</b>		<b>Long Term Liabilities</b>	<b>(551,184)</b>
<b>1,569,210</b>		<b>Net Assets</b>	<b>1,644,324</b>
(271,911)	30.1	Usable Reserves	(350,689)
(1,297,299)	30.2	Unusable Reserves	(1,293,635)
<b>(1,569,210)</b>		<b>Total Reserves</b>	<b>(1,644,324)</b>

\* In the 2022/23 MKCC Accounts £1.632m of debtors was classified as creditors in error, therefore the 2022/23 Short Term Debtors & Creditors balances have been restated.

Steve Richardson  
Director of Finance and Resources

## Cash Flow Statement

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

2022/23	Note		2023/24
£'000			£'000
(20,782)		Net (surplus) or deficit on the provision of services	(45,529)
(135,906)	32.1	Adjustment to surplus or deficit on the provision of services for noncash movements	3,301
77,495	32.1	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	125,747
<b>(79,193)</b>		<b>Net cash flows from operating activities</b>	<b>83,519</b>
102,832	32.2	Net cash flows from investing activities	10,967
(13,579)	32.3	Net cash flows from financing activities	30,313
<b>10,060</b>		<b>Net (increase) or decrease in cash and cash equivalents</b>	<b>124,799</b>
236,479		Cash and cash equivalents at the beginning of the reporting period	226,419
<b>226,419</b>	<b>31</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>101,620</b>



## Note 1 – Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate how funding available to the authority (i.e. government grants, rents, Council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's services.

Net Expenditure Chargeable to the General Fund and HRA Balance	2022/23			Outturn Reported to Cabinet	Contribution to/from reserves	Net Expenditure Chargeable to the General Fund and HRA Balance	2023/24		Net Expenditure in the Comprehensive Income and Expenditure Statement
	Adjustments (Note 2)	Net Expenditure in the Comprehensive Income and Expenditure Statement					Adjustments between services^	Adjustments (Note 2)	
£'000	£'000	£'000				£'000		£'000	£'000
89,767	(194)	89,573	Adult Social Care	101,305	2,873	104,178	(221)	(2,718)	101,239
(566)	30	(536)	Public Health	12,522	378	12,900	(12,522)	(17)	361
59,087	5,991	65,078	Children Services	59,714	273	59,987	368	(3,284)	57,071
6,816	365	7,181	Customer & Community	5,966	(1,280)	4,686	(288)	2,862	7,260
9,213	(24,331)	(15,118)	Housing Revenue Account	0	7,021	7,021	(6,041)	(9,910)	(8,930)
(1,549)	304	(1,245)	Planning & Placemaking	3,364	1,661	5,025	(4,530)	(102)	393
56,469	5,417	61,886	Environment & Property	76,558	22,744	99,302	(17,024)	35,969	118,247
6,194	(492)	5,702	Finance & Resources	4,992	1,169	6,161	91	(421)	5,831
(469)	4	(465)	Resources - Shared Services	(158)	22	(136)	0	(2)	(138)
5,356	88	5,444	Law & Governance	2,822	504	3,326	0	(53)	3,273
(20,836)	18,370	(2,466)	Corporate Items	(19,202)	(25,658)	(44,860)	26,433	17,546	(881)
<b>209,482</b>	<b>5,552</b>	<b>215,034</b>	<b>Net Cost of Services</b>	<b>247,883</b>	<b>9,707</b>	<b>257,590</b>	<b>(13,734)</b>	<b>39,870</b>	<b>283,726</b>
(157,403)	(78,413)	(235,816)	Other Income and Expenditure	(248,325)	(86,141)	(334,466)	13,734	(8,523)	(329,255)
<b>52,079</b>	<b>(72,861)</b>	<b>(20,782)</b>	<b>Surplus or Deficit on Provision of Services</b>	<b>(442)</b>	<b>(76,434)</b>	<b>(76,876)</b>	<b>0</b>	<b>31,347</b>	<b>(45,529)</b>
(224,572)			Opening Combined General Fund and HRA Balance			(172,493)			
52,079			Plus / less Surplus or Deficit on the General Fund and HRA Balance for the Year (Statutory basis)			(76,876)			
<b>(172,493)</b>			<b>Closing Combined General Fund and HRA Balance</b>			<b>(249,369)</b>			

## Note 2 – Note to the Expenditure and Funding Analysis

	2023/24			
	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Adult Social Care	(2,446)	(570)	298	(2,718)
Public Health	0	(19)	2	(17)
Children Services	(13)	(3,419)	148	(3,284)
Housing and Regeneration	3,026	(190)	26	2,862
Housing Revenue Account	(9,794)	(131)	15	(9,910)
Planning & Placemaking	(35)	(84)	17	(102)
Environment & Property	36,150	(201)	20	35,969
Finance & Resources	(127)	(322)	28	(421)
Resources - Shared Services	0	(2)	0	(2)
Law & Governance	0	(62)	9	(53)
Corporate Items	16,453	0	1,093	17,546
<b>Net Cost of Services</b>	<b>43,214</b>	<b>(5,000)</b>	<b>1,656</b>	<b>39,870</b>
Other Income and Expenditure	(90,520)	(1,461)	83,458	(8,523)
<b>Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>(47,306)</b>	<b>(6,461)</b>	<b>85,114</b>	<b>31,347</b>

	2022/23			
	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Adult Social Care	(930)	844	(108)	(194)
Public Health	0	29	1	30
Children Services	737	5,282	(28)	5,991
Customer & Community	342	18	5	365
Housing and Regeneration	0	0	0	0
Housing Revenue Account	(24,517)	189	(3)	(24,331)
Planning & Placemaking	194	115	(5)	304
Environment & Property	4,637	778	2	5,417
Finance & Resources	(491)	4	(5)	(492)
Resources - Shared Services	0	4	0	4
Law & Governance	0	83	5	88
Corporate Items	15,592	2	2,776	18,370
<b>Net Cost of Services</b>	<b>(4,436)</b>	<b>7,348</b>	<b>2,640</b>	<b>5,552</b>
Other Income and Expenditure	(25,561)	(1,359)	(51,493)	(78,413)
<b>Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>(29,997)</b>	<b>5,989</b>	<b>(48,853)</b>	<b>(72,861)</b>

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

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

- Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

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

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

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

- Includes the adjustment for the accrued employee leave and flexi leave which are charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that the holiday entitlements and flexi leave are reflected in revenue in the financial year in which the holiday/absence occurs. Further details can be located in Accounting Policy H.
- For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for Council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

## Note 3 – Expenditure and Income Analysed by Nature

2022/23	Note	Nature of Expenditure or Income	2023/24
£'000			£'000
(113,196)		Fees, charges and other service income	(120,089)
(31,482)	12	Interest and investment income	(15,770)
(221,614)	13	Income from local taxation	(236,611)
(379,194)	13 & 21	Government grants and contributions	(485,785)
(7,097)		Other income	(8,846)
242,325		Employee benefits expenses	247,385
37,875		Depreciation, amortisation and impairment	58,139
18,307	12	Interest payments	19,104
10,692	11	Precepts and levies	11,820
0	11	Payments to Housing Capital Receipts Pool	284
45,287	11	Gain or loss on disposal of non-current assets	18,009
377,315		Other expenditure	466,831
<b>(20,782)</b>		<b>Surplus or Deficit for Year</b>	<b>(45,529)</b>

## Note 4 – Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the authority in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

**General Fund Balance** - The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year. [For housing authorities – however, the balance is not available to be applied to funding HRA services.]

**Housing Revenue Account Balance** - The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority Council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

**Major Repairs Reserve** - The authority is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year-end.

Capital Receipts Reserve - The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied - The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

	Usable Reserves					Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Usable Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Reversal of items Impacting the Usable Capital Reserves</b>						
Charges for depreciation, impairment and Revaluation Losses of non-current assets	(32,914)	(24,638)	0	0	0	57,552
Movements in the market value of Investment Properties	(8,668)	0	0	0	0	8,668
Amortisation of intangible fixed assets	(606)	0	0	0	0	606
Capital grants and contributions applied	0	0	0	0	115,158	(115,158)
Revenue Expenditure Funded from Capital Under Statute	(56,289)	(563)	0	0	0	56,852
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal	(16,325)	(9,950)	0	0	0	26,275
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	16,617	0	(16,617)
HRA Self Financing	0	0	2,351	0	0	(2,351)
Statutory provision for the financing of capital investment	12,678	3,740	0	0	0	(16,418)
Capital expenditure charged against the General Fund and HRA balance	24,122	14,639	0	0	0	(38,761)
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	102,873	14,608	0	0	(117,481)	0
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	778	7,488	(8,266)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	26,053	0	0	(26,053)
Contribution from the Capital Receipts Reserve to finance payments to the Government capital receipts pool	(284)	0	284	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	(20,001)	0	0	20,001
Other Capital receipts in year	0	0	0	0	0	0
<b>Adjustments primarily involving the Major Repairs Reserve:</b>						
Reversal of Notional Major Repairs Allowance credited to the HRA	0	16,617	0	(16,617)	0	0
<b>Adjustments primarily involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(17,811)	(479)	0	0	0	18,290
Employers pensions contributions and direct payments to pensioners payable in year	24,103	648	0	0	0	(24,751)
<b>Adjustments impacting Other Reserves</b>						
Reversal of Accrued Employee benefits	(548)	(15)	0	0	0	563
Council's share of Movement in Collection Fund Surplus/(Deficit)	(83,458)	0	0	0	0	83,458
Financial Instruments	(1,093)	0	0	0	0	1,093
<b>Total Adjustments</b>	<b>(53,442)</b>	<b>22,095</b>	<b>421</b>	<b>0</b>	<b>(2,323)</b>	<b>33,249</b>

	Usable Reserves					Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Usable Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Reversal of items Impacting the Usable Capital Reserves</b>						
Charges for depreciation, impairment and Revaluation Losses of non-current assets	(25,183)	(12,152)	0	0	0	37,335
Movements in the market value of Investment Properties	23,239	0	0	0	0	(23,239)
Amortisation of intangible fixed assets	(540)	0	0	0	0	540
Capital grants and contributions applied	0	0	0	0	41,785	(41,785)
Revenue Expenditure Funded from Capital Under Statute	(9,432)	(1,866)	0	0	0	11,298
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal	(59,174)	(16,000)	0	0	0	75,174
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	16,411	0	(16,411)
HRA Self Financing	0	0	0	0	0	0
Statutory provision for the financing of capital investment	12,399	369	0	0	0	(12,768)
Capital expenditure charged against the General Fund and HRA balance	2,677	21,754	0	0	0	(24,431)
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	46,921	687	0	0	(47,608)	0
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	702	9,018	(9,720)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	5,272	0	0	(5,272)
Contribution from the Capital Receipts Reserve to finance payments to the Government capital receipts pool	0	0	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	20,167	0	(19,011)	0	0	(1,156)
Other Capital receipts in year	0	0	0	0	0	0
<b>Adjustments primarily involving the Major Repairs Reserve:</b>						
Reversal of Notional Major Repairs Allowance credited to the HRA	0	16,411	0	(16,411)	0	0
<b>Adjustments primarily involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(29,244)	(770)	0	0	0	30,014
Employers pensions contributions and direct payments to pensioners payable in year	23,408	617	0	0	0	(24,025)
<b>Adjustments impacting Other Reserves</b>						
Reversal of Accrued Employee benefits	134	2	0	0	0	(136)
Council's share of Movement in Collection Fund Surplus/(Deficit)	51,493	0	0	0	0	(51,493)
Financial Instruments	(2,776)	0	0	0	0	2,776
<b>Total Adjustments</b>	<b>54,791</b>	<b>18,070</b>	<b>(23,459)</b>	<b>0</b>	<b>(5,823)</b>	<b>(43,579)</b>

## Note 5 – Accounting Standards Issued, Not Adopted

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

- a) IFRS 16 Leases - issued in January 2016 (but only for those local authorities that have not decided to voluntarily implement IFRS 16 in the 2023/24 year).
- b) Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020.
- c) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022.
- d) Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022.
- e) Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023.

These standards all apply to local authority accounts in 2024/25. They are not expected to have a material effect on the authority's financial statements, except for a) IFRS 16: Leases, which is outlined below.

IFRS 16 Leases - The Council currently accounts for leases in accordance with the International Accounting Standard (IAS) 17 Leases, and this is the case until 31 March 2024. International Financial Reporting Standard (IFRS) 16 Leases will be adopted from 1 April 2024 (the transition date) and leases will be accounted for in accordance with IFRS 16 from that date. Our accounting policy for leases in our Statement of Accounts 2024/25 will therefore reflect the requirements of IFRS 16.

The most significant impacts of IFRS 16 are estimated to be as follows:

IAS17 classifies leases into either finance or operating leases based on which party bears the risks and rewards of the arrangement. This classification is removed with IFRS 16 for lessees and all leases and lease arrangements are recognised on the lessee's balance sheet as right of use assets with corresponding lease liabilities. There are some exceptions and exemptions to this in that leases do not need to be recognised on the balance sheet if:

- They confer the right to a lessee to use an intangible asset under a licensing agreement, e.g. a software licence;
- They are leases which have a lease term of 12 months or less at the commencement date of the lease (or at the transition date);
- They are leases where the original value of the underlying asset is low. The leasing standard allows organisations to define the value below which leases will be exempt. The Council's policy will be to apply a value of £20,000 below which leases will be treated as exempt (Except vehicles), and this is aligned to the Council's existing capital de minimis policy.



IFRS 16 requires lessors to continue to classify leases into either finance or operating leases based on which party bears the risks and rewards of the arrangement. For those leases where the Council is a lessor, there is therefore no significant impact of IFRS 16 on the financial statements.

The council has commenced work to implement this standard, however currently the impact of IFRS 16 in terms of the value of liabilities and right of use assets to be brought onto the balance sheet at 1 April 2024 cannot be reasonably estimated. The revised accounting standard implementation will first be reflected in the 2024/25 Statement of Accounts.

## Note 6 – Critical Judgements in Applying Accounting Policies

In applying the accounting policies, the authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the statement of accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- Land & Buildings are valued on a 5 year rolling programme each year as at the 31 December. A full property review was also carried out as at the 31 March 2024 in order to identify any significant movements in the asset base during the year. The effect of the valuation methodology is to ensure that any changes in the asset base are reflected correctly in the accounts. More details are disclosed in note 22 and Accounting Policy T - Property, Plant & Equipment.
- Properties are classed as Investment Properties when they are held solely to earn rental income or for capital appreciation. The value of the properties is calculated based on the fair value of the asset on a yearly basis, i.e. the price received to sell the asset or transfer the liability.
- Maintained schools are reported on the Council's Balance Sheet and the total Foundation schools' assets are reported at nil value. However, capital expenditure incurred on academies, foundation and faith schools is treated as 'revenue expenditure funded from capital under statute' through the Comprehensive Income and Expenditure Account. In addition, judgments are applied to transactions and balances when schools change status eg change from maintained to academy school. Details of the schools accounting treatment can be found in Accounting Policy Z.

## Note 7 – Assumptions made about the future and other Major Sources of Estimation Uncertainty

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

balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The authority is required to disclose details of all key estimations and assumptions made within the accounts that could result in an uncertainty and could have a risk of causing an adjustment to the carrying amount of assets and liabilities within the next financial year. Estimates are made in line with the Council’s Financial Regulations and Procedures rules as well as historical experience, current trends and other relevant factors.

The main accounting estimates in application along with the degree of associated estimation uncertainty are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<b>Defined Benefit Pension Scheme – Pension Liability</b>	Pensions disclosures provided within the Statement of Accounts are taken from the annual Actuary report, provided by Barnett Waddingham. Key assumptions made are on RPI, CPI and salary increases.	The value of the liability may increase/decrease if the assumptions change. The present value of the total obligation is £838,214m. An adjustment to the long-term salary assumption by +0.1% would result in the present value of the total obligation increasing by £0.674m. Sensitivity to some of the key assumptions is provided in note 36. The carrying amount of the liability is (£43,422m).
<b>Provisions</b>	The most significant provision the Council has disclosed is for appeals on business rates where rate payers appeal against the valuation £6.786m.	Rate payers can appeal up to end of the current rating list (31 March 2024) in respect of the 2017 rating list.  Rating appeals can be made against the current 2023 rating list. It is impracticable to quantify increase in claimants against an increase in provision as claimants are not all appealing the same value.  Full details of each provision including the basis of estimation applied are provided in note 28 to the Financial Statements.
<b>Allowance for Non-Payment of Debt</b>	The Council maintains an allowance for the non-payment of debts in order to ensure that there are sufficient funds available to meet the future cost of any debt that is uncollectable. The current allowance for doubtful debts is £19.798m.	The Council evaluates each debt or category of debt by considering any significant financial difficulty for the debtor, any breach of contract or default, any concessions granted by the authority based on difficulty for the debtor, the likelihood of the debtor entering bankruptcy and the impact on Customers from the impact on the economy. The value of the allowance is calculated based on a review of all debts and a judgement of the probability of collection for each.

<b>Property, Plant and Equipment – Depreciation</b>	<p>Depreciation is charged on a Useful Economic Life basis ranging from 3-120 years depending on the asset. In 2023/24 the charge is shown as £45.125m.</p>	<p>Full details on Depreciation for each asset type can be found in Accounting Policy T for Property Plant and Equipment and Accounting Policy U for Infrastructure Assets, and non-current asset values are provided in note 22 to the Financial Statements.</p>
<b>Valuation of operational property</b>	<p>Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets.</p> <p>The consensus is the uncertainty created by the UK leaving the EU will lead to a slowdown, the length and depth of which will depend on various political decisions. Whilst the deal provides a more certain position the full implications will take some time to realise.</p> <p>The Russian invasion of Ukraine has added to the levels of global uncertainty during the period. There are currently no known specific impact to the value of the assets within the portfolio because of the invasion, this will continue to be monitor as the crisis continues.</p> <p>The Israel and Palestine Conflict: Gaza’s Hamas Terrorist attack on Israel October 7th 2023. There is currently no known specific impact to the value of the assets within the portfolio because of the conflict, this will continue to be monitor as the crisis continues.</p> <p>Accordingly, the valuations as a whole are not reported as being subject to ‘material valuation uncertainty’ as per the RICS Red Book Global</p> <p>The Valuations at 31 March 2024 were:</p> <ul style="list-style-type: none"> <li>• Assets Held for Sale £9.4m</li> <li>• Surplus Assets £7.7m</li> <li>• Investment Properties £101.2m (see below)</li> </ul>	<p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's operational properties were to reduce by 10%, this would result in a charge to the Comprehensive Income and Expenditure Statement of approximately £59m.</p> <p>An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p>
<b>Council Dwellings</b>	<p>The HRA residential portfolio is valued based on a beacon methodology. In order to value the whole portfolio, it was necessary to research a number of information sources. The stock lists have been supplemented by observations gained from internal inspection of the Beacon properties, external inspection of other blocks or estates and market research.</p>	<p>A reduction in the estimate value of HRA dwellings would be a reduction in the revaluation reserve or a loss in the CIES. If the value of dwellings were to reduce by 10% this would lead to a reduction in value of about £80m.</p> <p>An increase in estimated valuations would result in increases to the Revaluation</p>

	The full five yearly valuation incorporating inspections of every Beacon property was undertaken as at 31 March 2023.	Reserve or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.
<b>Fair value measurement of investment property</b>	The Council's external valuers use valuation techniques to determine the fair value of investment property. This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible, but this is not always available. In that case, the valuers use the best information available.	Estimated fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date.
<b>Arrears</b>	The NDR arrears balance of £3.827m at the Balance Sheet date is deemed to be at risk of material adjustment within the next year due to current economic circumstances meaning that businesses are struggling to pay. A review of significant balances suggested that an impairment of doubtful debts of £(1.620)m was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate further, for every 1% reduction in collection rates, an extra £0.189m would be required to be set aside as an allowance

## Note 8 – Material Items of Income and Expense

All material items are shown within the Comprehensive Income & Expenditure Statement.

## Note 9 – Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Finance and Resources on 25 February 2025. 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 2024, the figures in the Financial Statements and notes have been adjusted in all material respects to reflect the impact of this information.

### Milton Keynes Waste Recovery Park

The Council have agreed to enter into deeds of variation to the contract for the operation of the Milton Keynes Waste Recovery Park. These will change the risk profile for catastrophic loss and insurance provision. A risk provision of up to £10m has been set aside within the 2023/24 accounts and provision made within the General fund working balance for any service failure attributable to the asset.

## Note 10 – Transfers to/from Earmarked Reserves

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

	Balance at 31 March 2022	Transfers In 2022/23	Transfers Out 2022/23	Balance at 31 March 2023	Transfers In 2023/24	Transfers Between 2023/24	Transfers Out 2023/24	Balance at 31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>General Fund Reserves:</b>								
Bereavement reserve	(3,630)	(1,044)	0	(4,674)	(940)	0	277	(5,337)
Capital Reserve - General Fund	(14,090)	(7,697)	14,702	(7,085)	(13,843)	(58,180)	24,154	(54,954)
Council Plan Reserve	(2,791)	0	1,290	(1,501)	(128)	(81)	239	(1,471)
Corporate Property Reserve	(2,844)	(33)	201	(2,676)	(284)	(626)	0	(3,586)
Covid-19 Expanded Retail Relief Reserve	(5,480)	0	2,740	(2,740)	0	2,740	0	0
Covid-19 Reserves	(5,860)	0	5,592	(268)	0	0	268	0
HR Manpower Planning Reserve	(1,672)	0	210	(1,462)	(35)	0	41	(1,456)
Infrastructure Reserve	(16,498)	0	1,072	(15,426)	0	0	1,238	(14,188)
Internal Insurance Fund	(2,257)	(671)	681	(2,247)	(500)	0	475	(2,272)
Local Government Reorganisation Debt Reserve	0	0	0	0	0	0	0	0
NDR Funding Volatility Reserve	(13,918)	(26,714)	40,631	(1)	(86,141)	67,142	4,000	(15,000)
New Homes Bonus Reserve	(3,200)	(8,486)	9,880	(1,806)	(4,542)	4,542	628	(1,178)
Other Earmarked Reserves	(11,612)	(6,416)	5,360	(12,668)	(7,050)	680	5,039	(13,999)
Political Priorities Reserve	(8,715)	(3,087)	4,184	(7,618)	(1,656)	(2,146)	3,003	(8,417)
Tariff & HCA Risk Reserve	(6,596)	(580)	29	(7,147)	(2,578)	0	0	(9,725)
Social Care grant reserve (earmarked in MTFP)	(1,600)	0	1,600	0	0	0	0	0
Strategic Service Investment Fund	(2,577)	0	539	(2,038)	0	0	0	(2,038)
Waste Cashflow Reserve	(892)	0	789	(103)	(1,219)	0	0	(1,322)
Waste Asset Renewal Fund	0	0	0	0	(3,918)	0	0	(3,918)
Waste Risk Reserve	0	0	0	0	0	(10,000)	0	(10,000)
Legal Fees Reserve	(2,097)	0	138	(1,959)	0	0	0	(1,959)
Pension fund Reserve	(3,924)	(510)	0	(4,434)	0	0	186	(4,248)
Public Health Reserve	(2,437)	(562)	160	(2,839)	0	0	379	(2,460)
Schools Balances	(11,832)	0	299	(11,533)	(540)	0	394	(11,679)
<b>Total General Fund</b>	<b>(124,522)</b>	<b>(55,800)</b>	<b>90,097</b>	<b>(90,225)</b>	<b>(123,374)</b>	<b>4,071</b>	<b>40,321</b>	<b>(169,207)</b>
<b>Housing Revenue Account Reserves:</b>								
Capital Reserve - HRA	(63,531)	(3,371)	21,754	(45,148)	(4,813)	0	14,639	(35,322)
HRA Financing & Debt Risk Reserve	0	0	0	0	(1,700)	0	0	(1,700)
Other Earmarked Reserves	(72)	0	0	(72)	(625)	0	0	(697)
<b>Total Housing Revenue Account</b>	<b>(63,603)</b>	<b>(3,371)</b>	<b>21,754</b>	<b>(45,220)</b>	<b>(7,138)</b>	<b>0</b>	<b>14,639</b>	<b>(37,719)</b>
<b>Total Earmarked Reserves</b>	<b>(188,125)</b>	<b>(59,171)</b>	<b>111,851</b>	<b>(135,445)</b>	<b>(130,512)</b>	<b>4,071</b>	<b>54,960</b>	<b>(206,926)</b>

Bereavement Reserve - This fund will be used to replace and extend the crematorium and cemetery provision in MK as the borough continues to grow. This reserve is a sinking fund to offset this pressure.

Capital Reserve - The General Fund and Housing Revenue Account Capital Reserve holds contributions from the Comprehensive Income and Expenditure Statement and Housing Revenue Account to fund capital expenditure.

Council Plan Reserve - This reserve will fund the projects that have been identified to meet the most recent Council Plan priorities.

Corporate Property Reserve - This reserve will help meet revenue costs arising from the corporate delivery of the property strategy and Asset Management Plan.

Covid-19 Expanded Retail Relief Reserve – This is a temporary reserve for Funding received under Section 31 of the Local Government Act 2003 to mitigate the impact of the business rates expanded retail discount scheme on the Collection Fund.

Covid-19 Reserve - Earmarked to offset the impact of Covid-19.

HR Manpower Planning Reserve - This reserve was created to meet the future costs of redundancies arising from reductions and restructuring of services.

Infrastructure Reserve - This reserve is used to manage the difference in timing between the revenue contributions available to fund the costs of prudential borrowing for Highways improvement, and the costs being incurred.

Internal Insurance Fund - This fund covers any internal insurance costs of claims notified to the Council by 31 March (some risks are not fully funded, with losses up to a specified amount being met from revenue). To obtain cost effective insurance cover the Council has chosen to carry excesses in respect of claims made under liability and material damage insurances.

Local Government Reorganisation Debt Reserve - This reserve has been created to enable the Council to charge the financing of the payment of the Local Government Reorganisation debt.

NDR Funding Volatility Reserve - Government proposals result in the Council's funding from April 2013 being based on actual Business Rate income. While a safety net will operate for losses in income above 7.5% per annum, this still creates a significant increase in the potential volatility in this funding stream. This reserve has been created to mitigate the increased risk.

New Homes Bonus Reserve - This reserve was set up in 2011/12 to hold the New Homes Bonus grants paid to the Council each year. Cabinet agreed this funding would be used in a strategic manner to support growth in the borough. Use of this funding is agreed as part of the budget process.

Political Priority Reserve - This reserve will fund the Political Priorities of the Council agreed as part of the budget process.

Tariff & HCA Risk Reserve - This reserve was created to mitigate the Council's liability under the risk sharing agreement on the Tariff and any financing risks.

Social Care grant reserve (earmarked in MTFP) – this reserve has been created to cover pressures within the MTFP and one-off specific budget pressures across Children's Service.

Strategic Service Investment fund - This reserve is set up to fund transformation projects which will generate a revenue saving for future years.

Waste Cash flow Reserve - This reserve has been created to manage the difference in timing between the revenue contributions to finance the costs of prudential borrowing for the Residual Waste Treatment Facility and the costs being incurred.

Waste Asset Renewal Fund - This reserve was set up by annual revenue contributions to the Waste Renewal Fund, which will be built up to enable the capital financing of replacement waste vehicles once they reach the end of their useful life.

MKWRP Waste Risk Reserve – This reserve has been created to cover 1 year of costs in the event of catastrophic failure at MKWRP.

Legal Fees Reserve – This reserve is for when legal challenges arise to either defend the Council's position or take action to protect its and the taxpayer's interests.

Pension fund Reserve – This reserve is to manage the potential impact of pension revaluation changes.

Public Health Reserve – This reserve holds the unspent ring-fenced grant funding held over for future investment in Public Health.

## Note 11 – Other Operating Expenditure

2022/23		2023/24
£'000		£'000
10,182	Precepts	11,275
510	Levies	545
0	Payments to the Government Housing Capital Receipts Pool	284
45,287	(Gains)/losses on the Disposal of Non-Current Assets	18,009
<b>55,979</b>	<b>Total Other Operating Expenditure</b>	<b>30,113</b>

## Note 12 – Financing and Investment Income and Expenditure

2022/23	Note	2023/24
£'000		£'000
19,666	Interest payable and similar charges	20,565
2,819	(Gain)/Loss on Pooled Investment Funds	557
(1,359)	Net interest on the net defined benefit liability (asset)	(1,461)
(11,064)	Interest receivable and similar income	(25,025)
(23,293)	Income and expenditure in relation to investment properties and changes in their fair value	8,611
56	14 Trading operations	87
<b>(13,175)</b>	<b>Total</b>	<b>3,334</b>

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

2022/23	Note	2023/24
£'000		£'000
(152,042)	Council tax income	(163,782)
(69,572)	Non-domestic rates income and expenditure	(72,829)
(9,398)	21 Non-ringfenced government grants	(8,610)
(47,608)	Capital grants and contributions	(117,481)
<b>(278,620)</b>	<b>Total</b>	<b>(362,702)</b>

## Note 14 – Trading Operations

The authority has established a number of ongoing trading units where the service is required to operate in a commercial environment and balance the budget by generating income from other parts of the authority or other organisations.

2022/23	Emberton Park	2023/24
£'000		£'000
(298)	Income	(298)
402	Expenditure	434
<b>104</b>	<b>Net Surplus/Deficit for year</b>	<b>136</b>

2022/23	IT Service Desk and Technical Support Services	2023/24
£'000		£'000
(226)	Income	(225)
161	Expenditure	162
<b>(65)</b>	<b>Net Surplus/Deficit for year</b>	<b>(63)</b>

2022/23	Building Control	2023/24
£'000		£'000
(510)	Income	(460)
550	Expenditure	501
<b>40</b>	<b>Net Surplus/Deficit for year</b>	<b>41</b>

2022/23	HR Advisory and Payroll Services	2023/24
£'000		£'000
(44)	Income	(40)
21	Expenditure	13
<b>(23)</b>	<b>Net Surplus/Deficit for year</b>	<b>(27)</b>

2022/23	Trading Operations Total Income and Expenditure	2023/24
£'000		£'000
(1,078)	Income	(1,023)
1,134	Expenditure	1,110
<b>56</b>	<b>Net Surplus/Deficit for year</b>	<b>87</b>

2022/23	Analysis of Inclusion in The Comprehensive Income and Expenditure Statement	2023/24
£'000		£'000
56	Net Surplus on Trading Operations	87
<b>56</b>	<b>Net surplus/deficit included in Financing and Investment Income and Expenditure</b>	<b>87</b>



## Note 15 – Members’ Allowances

The authority paid the following amounts to members of the Council during the year.

2022/23		2023/24	
£'000		£'000	
622	Salaries	649	
232	Allowances	241	
4	Expenses	4	
<b>858</b>	<b>Total Members' Allowances</b>	<b>894</b>	

Details of each Councillor’s individual allowances are published annually on the Council’s website.

## Note 16 – External Audit Costs

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

2022/23		2023/24	
£'000		£'000	
196	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year*	290	
40	Fees payable to external auditors for the certification of grant claims and returns for the year	34	
<b>236</b>	<b>Total</b>	<b>324</b>	

\* The fees payable for external audit services includes the 2023/24 audit fee £0.451m. This is offset by the release of a 2022/23 accrual of (£0.090m) for the additional overrun charges of the 2022/23 audit based on the previous year’s figures, however the audit of 2022/23 has not taken place, therefore the accrual is no longer needed. In addition, there was a variation of (£0.008m) between the additional fees accrued and paid for the 2021/22 audit and grant from the PSAA to cover the additional audit charges in 2023/24 (£0.063m).

## Note 17 – Road Charging Schemes

The Council was designated a Permitted and Special Parking Area from 25 March 2002 and is required under Section 55 of the Road Traffic Regulation Act 1984 and the Traffic Management Act 2004 to keep an account of income and expenditure relating to these responsibilities.

2022/23		2023/24
£'000		£'000
	<b>Expenditure</b>	
1,365	Contractors Management Fee	1,591
220	Pay and Display Installation Costs	340
164	Staffing Cost	150
11	Supplies and Services	2
52	Support Costs	52
0	Surveys and Fees	185
10	Decriminalised Costs	31
152	Depreciation	152
10	Signing Costs	30
<b>1,984</b>	<b>Total Expenditure</b>	<b>2,533</b>
	<b>Income</b>	
(1,230)	Excess Charge/Penalty Charge Notices	(1,593)
(1,692)	Permits	(2,483)
(187)	Suspensions	(235)
(6,867)	Pay and Display Income	(7,210)
<b>(9,976)</b>	<b>Total Income</b>	<b>(11,521)</b>
<b>(7,992)</b>	<b>Surplus achieved in year</b>	<b>(8,988)</b>
350	Transfer to Special Parking Reserve	404
0	Transfer from Special Parking Reserve	0
<b>(7,642)</b>	<b>Surplus for the year</b>	<b>(8,584)</b>

The surplus of (£8.584m) is significantly higher than the budgeted (£6.686m). The recovery of parking income to 86% of pre-pandemic levels was higher than expected and is due to the continuing return to office working. The notional spend covered by the surplus is £14.557m in 2023/24 and as such, 59% is covered with the remainder funded by the General Fund. The notional costs covered are the highways and street lighting costs of on-street parking as well as the landscaping and cleansing costs. All off-street parking costs are covered and 98% of passenger transport costs.

## Note 18 – Pooled Budgets

### Integrated Community Equipment

The Integrated Community Equipment pooled budget brings together funding for health and social care equipment. This supports hospital discharges and the maintenance of independence and community living with some efficiency of scale and improved delivery. The Integrated Care Board (ICB) are the Lead partner for the ICES pool.

The Council's share of income and expenditure is included within Adult Social Care in the Comprehensive Income and Expenditure Statement.

2022/23 £'000	Integrated Community Equipment Service (ICES)	2023/24 £'000
	<b>Gross Funding</b>	
(551)	Milton Keynes City Council	(551)
(1,030)	Milton Keynes ICB	(1,030)
<b>(1,581)</b>	<b>Total Funding</b>	<b>(1,581)</b>
0	BCF contribution	(298)
1,923	Expenditure	2,412
<b>1,923</b>	<b>Total Expenditure</b>	<b>2,412</b>
<b>342</b>	<b>Net (Surplus)/Deficit</b>	<b>533</b>
(182)	MKCC share of underspend/ (overspend)	(283)
(160)	ICB share of underspend/ (overspend)	(250)
<b>0</b>	<b>Net (Surplus) / Deficit Carried Forward</b>	<b>0</b>

### Learning Disability

The Learning Disability pooled budget supports the integrated Learning Disability service (Council and Integrated Care Board), allowing greater flexibility and economies of scale in funding services. Milton Keynes City Council is the Lead Partner for the Learning Disability Pool.

The Council's share of income and expenditure is included within Adult Social Care in the Comprehensive Income and Expenditure Statement. The table below summarises the financial performance of the scheme:

2022/23 £'000	Learning Disability	2023/24 £'000
	<b>Gross Funding</b>	
(26,920)	Milton Keynes City Council	(29,509)
(1,539)	BLMK ICB	(1,592)
<b>(28,459)</b>	<b>Total Funding</b>	<b>(31,101)</b>
	<b>Expenditure</b>	
26,572	Pooled Expenditure	30,621
<b>26,572</b>	<b>Total Expenditure</b>	<b>30,621</b>
<b>(1,887)</b>	<b>Net (Surplus)/Deficit*</b>	<b>(480)</b>
1,785	MKCC share of underspend/ (overspend)	455
102	ICB share of underspend/ (overspend)	25
<b>0</b>	<b>Net (surplus) / Deficit Carried Forward</b>	<b>0</b>

## Better Care Fund

The Better Care Fund (BCF) is viewed as an enabler to further integrate Health and Social Care Services. The BCF funds are intended to reduce hospital non-elective admissions; develop more robust and sustainable community health and social care services; and promote independent living. Milton Keynes City Council is the Lead Partner for the Better Care Fund pool, whereby an agreed Section 75 has been establishment and maintained between MKCC and the Integrated Care Board (ICB).

The Council's share of income and expenditure is included within Adult Social Care in the Comprehensive Income and Expenditure Statement.

2022/23 £'000	Better Care Fund	2023/24 £'000
	<b>Gross Funding</b>	
(1,268)	Milton Keynes City Council - Capital Funding	(1,268)
(8,391)	Improved Better Care Funding	(9,059)
(18,588)	Milton Keynes ICB	(19,641)
0	Additional Better Care Fund Top Up	(650)
(2,152)	Hospital Discharge	(2,192)
<b>(30,399)</b>	<b>Total Funding</b>	<b>(32,810)</b>
30,399	Expenditure	32,160
<b>30,399</b>	<b>Total Expenditure</b>	<b>32,160</b>
<b>0</b>	<b>Net (Surplus)/Deficit</b>	<b>(650)</b>
0	MKCC share of underspend/ (overspend)	325
0	ICB share of underspend/ (overspend)	325
<b>0</b>	<b>Net (surplus) / Deficit Carried Forward</b>	<b>0</b>

## Note 19 – Officers' Remuneration

### Officer Remuneration

The remuneration paid to the Council's senior employees during 2023/24 whose salary was above £50,000 is as follows:

2022/23		Salary	Expenses Allowance	Pension Contribution	2023/24
£		£	£	£	£
230,005	Chief Executive	195,769	0	39,350	235,119
177,911	Deputy Chief Executive	151,334	0	30,248	181,582
157,310	Director Adult Services	145,824	481	29,311	175,616
157,059	Director Children's Services	145,824	0	29,311	175,135
157,275	Director Environment and Property	145,824	233	29,311	175,368
157,102	Director Finance & Resources	145,824	0	29,160	174,984
112,184	Director Law & Governance	101,244	0	20,350	121,594
139,960	Director of Customer & Community Services	119,110	132	23,941	143,183
134,433	Director of Planning & Placemaking	118,309	373	23,780	142,462

The Council's other employees including those listed individually as senior employees) receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

	Number of Employees	
	2022/23	2023/24
£50,001 to £55,000	143	168
£55,001 to £60,000	93	114
£60,001 to £65,000	62	91
£65,001 to £70,000	33	59
£70,001 to £75,000	23	41
£75,001 to £80,000	22	22
£80,001 to £85,000	9	9
£85,001 to £90,000	15	12
£90,001 to £95,000	5	12
£95,001 to £100,000	4	7
£100,001 to £105,000	4	3
£105,001 to £110,000	4	3
£110,001 to £115,000	1	3
£115,001 to £120,000	2	5
£120,001 to £125,000	2	0
£125,001 to £130,000	4	0
£130,001 to £135,000	0	1
£135,001 to £140,000	0	1
£140,001 to £145,000	0	0
£145,001 to £150,000	1	4
£150,001 to £155,000	0	1
£155,001 to £160,000	0	0
£160,001 to £165,000	0	0
£165,001 to £170,000	0	0
£170,001 to £175,000	0	0
£175,001 to £180,000	0	0
£180,001 to £185,000	0	0
£185,001 to £190,000	1	0
£190,001 to £195,000	0	0
£195,001 to £200,000	0	1
<b>Total</b>	<b>428</b>	<b>557</b>

## Exit Packages

The number of exit packages with total costs per band and total costs of the compulsory and other redundancies are set out in the table below.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£'000)	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
£0 - £20,000	10	15	7	6	17	21	134	194
£20,001 - £40,000	5	2	2	2	7	4	177	114
£40,001 - £60,000	0	1	0	0	0	1	0	47
£60,001 - £80,000	1	0	0	0	1	0	77	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>16</b>	<b>18</b>	<b>9</b>	<b>8</b>	<b>25</b>	<b>26</b>	<b>388</b>	<b>355</b>

The total cost of £0.403m in the table above includes exit packages that have been agreed, accrued for and charged to the authority's Comprehensive Income and Expenditure Statement in the current year.

## Note 20 – 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 ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) (No 2) Regulations 2018. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2023/24 are as follows:

2022/23		2023/24		
Total		Central Expenditure	ISB	Total
£'000		£'000	£'000	£'000
310,298	Final DSG for 2023/24 before academy and high needs recoupment			334,064
147,944	Less: Academy and high needs figure recouped for 2023/24			164,045
162,354	Total DSG after academy and high needs recoupment for 2023/24			170,019
2,858	Plus: Brought forward from 2022/23			6,897
(3,393)	Less: Carry forward to 2024/25 agreed in advance			(4,590)
<b>161,819</b>	<b>Agreed initial budgeted distribution in 2023/24</b>	50,981	121,345	<b>172,326</b>
(942)	In year adjustments	0	(1,853)	<b>(1,853)</b>
<b>160,877</b>	<b>Final budgeted distribution for 2023/24</b>	<b>50,981</b>	<b>119,492</b>	<b>170,473</b>
43,378	Less: Actual central expenditure	49,351		<b>49,351</b>
113,995	Less: Actual ISB deployed to schools		118,802	<b>118,802</b>
0	Plus: Local Authority contributions for 2023/24	0	0	<b>0</b>
3,504	In-year carry-forward to 2024/25	1,630	690	<b>2,320</b>
3,393	Plus: Carry-forward to 2024/25 agreed in advance			<b>4,590</b>
<b>6,897</b>	<b>Carry forward to 2024/25</b>			<b>6,910</b>
0	DSG unusable reserve at the end of 2022/23			<b>0</b>
0	Addition to DSG unusable reserve at the end of 2023/24			<b>0</b>
0	Total of DSG unusable reserve at the end of 2023/24			<b>0</b>
<b>6,897</b>	<b>Net DSG position at the end of 2023/24</b>			<b>6,910</b>

## Note 21 – Grant Income

The Council has been credited with the following grants and contributions in the Comprehensive Income and Expenditure Statements during 2023/24.

Credited to Taxation and Non-Specific Grant Income:

2022/23 £'000	Note	2023/24 £'000
(5,801)	Revenue Support Grant	(6,731)
(302)	Lower Tier Services Grant	0
(3,264)	Services Grant	(1,879)
(31)	Council Tax Discount for Family Annexes	0
<b>(9,398)</b>	<b>13 Total Non-Ringfenced Government Grants</b>	<b>(8,610)</b>

Credited to service:

2022/23 £'000		2023/24 £'000
(157,351)	Dedicated Schools Grant	(168,977)
(40,194)	Mandatory Rent Allowance: Subsidy	(39,956)
(17,846)	Mandatory Rent Rebates	(18,433)
(3,012)	NHS Discharge Funding	(3,896)
(5,997)	New Homes Bonus	(4,542)
(12,126)	Public Health Grant	(12,522)
(5,521)	Pupil Premium Grant	(6,682)
(914)	Business Support Grant (Covid-19) - Discretionary element	0
(1,952)	Contain Outbreak Management Fund - Covid-19	(4)
(3,412)	Young People's Learning Agency	(3,201)
(2,173)	Universal Infant Free School Meals	(2,168)
(7,307)	Social Care Grant	(12,452)
(613)	Market Sustainability and fair cost of Care fund	(2,095)
0	Market Sustainability and Improvement Fund - Workforce Grant	(3,095)
(2,344)	Homelessness Prevention Grant	(2,723)
(597)	Ukraine Refugees	(2,601)
(155)	Homes for Ukraine - Education grant	(1,578)
(1,860)	Unaccompanied Asylum Seekers Grant	(3,277)
(12,925)	Other Grants	(17,996)
(20)	Other Grants - Covid-19 Related	0
(755)	Benefits Administration Grant	(689)
(1,138)	Community Learning (16-19+)	(1,562)
(5,409)	Improved Better Care Fund	(5,607)
(18,588)	Better Care Fund Contributions	(19,641)
(11,331)	Social Care Client Contributions	(16,498)
(6,960)	Milton Keynes Hospital NHS Foundation Trust and Clinical Commissioning	(7,202)
(1,688)	Other Contributions	(2,297)
<b>(322,188)</b>	<b>Total</b>	<b>(359,694)</b>

## Receipts in Advance

The Council has received a number of grants, contributions and donations that have conditions attached to them these will require the monies or property to be returned to the awarding body if the conditions are not met. These will not be recognised as income until the relevant conditions are met and the Council is able to utilise the funds.

The current Grants and Contributions receipts in advance at the 31 March 2024 are £92.735m. This includes:

- Revenue receipts in advance of £80.058m, of which is mainly £48.200m Developer Tariff contributions; £6.910m Dedicated Schools Grant, £4.688m Hospital Discharge Funding, £4.124m is Developer S106 contributions, £2.898m Improve Better Care Fund, £1.885m PH Digital Incentive Scheme and £1.470m Homes for Ukraine Grant.
- Capital receipts in advance of £12.677m including the Lakes Estate Regeneration £5.021m and the Special Education and High Needs Grants £3.935m.

The long-term Grants and Contributions receipts in advance at the 31 March 2024 are £130.246m. This includes Revenue receipts in advance of £121.246m which is mainly from Developer S106 Contributions £78.867m, Developer Tariff contributions £37.910m and Capital receipts in advance of £9.000m.



## Note 22.1 – Property, Plant and Equipment

The tables on the following pages show the movements in year for PPE in 2023/24 and the 2022/23 comparative movement.

Movements to 31 March 2024	Council Dwellings	Land and Building	Vehicles, Plant, Furniture & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>							
<b>at 1 April 2023</b>	861,353	621,050	118,418	7,386	5,394	27,679	<b>1,641,280</b>
Additions	22,353	1,130	23,180	5	4,276	73,075	<b>124,019</b>
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	3,811	(4,212)	0	(768)	0	<b>(1,169)</b>
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(15,675)	(5,192)	(1,206)	0	(696)	0	<b>(22,769)</b>
Derecognition – disposals	(10,187)	(15,149)	(5,828)	0	0	0	<b>(31,164)</b>
Derecognition – other	(7,147)	(1,299)	(990)	0	0	0	<b>(9,436)</b>
Reclassifications and transfer	12,007	13,155	6,271	0	(65)	(37,691)	<b>(6,323)</b>
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	<b>0</b>
<b>at 31 March 2024</b>	<b>862,704</b>	<b>617,506</b>	<b>135,633</b>	<b>7,391</b>	<b>8,141</b>	<b>63,063</b>	<b>1,694,438</b>
<b>Accumulated Depreciation and Impairment</b>							
<b>at 1 April 2023</b>	(58,043)	(24,499)	(23,080)	(1,294)	(839)	0	<b>(107,755)</b>
Depreciation charge	(16,531)	(10,675)	(6,358)	(166)	(3)	0	<b>(33,733)</b>
Depreciation written out to the Revaluation Reserve	19	4,911	4,307	0	0	0	<b>9,237</b>
Depreciation written out to the Surplus/Deficit on the Provision of Services	16,150	149	191	0	0	0	<b>16,490</b>
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	843	110	0	(50)	0	<b>903</b>
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(8,472)	2,192	(110)	0	360	0	<b>(6,030)</b>
Derecognition – disposals	6,760	182	5,713	0	0	0	<b>12,655</b>
Derecognition – other	624	93	977	0	0	0	<b>1,694</b>
Reclassifications and transfer	0	0	0	0	0	0	<b>0</b>
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0	<b>0</b>
<b>at 31 March 2024</b>	<b>(59,493)</b>	<b>(26,804)</b>	<b>(18,250)</b>	<b>(1,460)</b>	<b>(532)</b>	<b>0</b>	<b>(106,539)</b>
<b>Net Book Value</b>							
<b>at 31 March 2024</b>	<b>803,211</b>	<b>590,702</b>	<b>117,383</b>	<b>5,931</b>	<b>7,609</b>	<b>63,063</b>	<b>1,587,899</b>
<b>at 31 March 2023</b>	<b>803,310</b>	<b>596,551</b>	<b>95,338</b>	<b>6,092</b>	<b>4,555</b>	<b>27,679</b>	<b>1,533,525</b>

**Movements to 31 March 2023**

	<b>Council Dwellings</b>	<b>Land and Building</b>	<b>Vehicles, Plant, Furniture &amp; Equipment</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>Assets Under Construction</b>	<b>Total Property, Plant and Equipment</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or Valuation</b>							
<b>at 1 April 2022</b>	832,988	598,537	107,140	7,386	5,944	46,341	<b>1,598,336</b>
Additions	35,428	13,702	2,746	0	107	32,044	<b>84,027</b>
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	15,389	9,091	0	(658)	0	<b>23,822</b>
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	3,431	7,935	1,122	0	(323)	0	<b>12,165</b>
Derecognition – disposals	(4,933)	(54,171)	(725)	0	0	0	<b>(59,829)</b>
Derecognition – other	(12,083)	(1,092)	(1,216)	0	0	0	<b>(14,391)</b>
Reclassifications and transfer	6,522	40,804	260	0	1,757	(50,706)	<b>(1,363)</b>
Assets reclassified (to)/from Held for Sale	0	(54)	0	0	(1,433)	0	<b>(1,487)</b>
<b>at 31 March 2023</b>	<b>861,353</b>	<b>621,050</b>	<b>118,418</b>	<b>7,386</b>	<b>5,394</b>	<b>27,679</b>	<b>1,641,280</b>
<b>Accumulated Depreciation and Impairment</b>							
<b>at 1 April 2022</b>	(43,475)	(8,386)	(22,512)	(1,129)	(1,951)	0	<b>(77,453)</b>
Depreciation charge	(16,366)	(10,940)	(5,481)	(165)	(10)	0	<b>(32,962)</b>
Depreciation written out to the Revaluation Reserve	21	2,306	4,274	0	240	0	<b>6,841</b>
Depreciation written out to the Surplus/Deficit on the Provision of Services	15,646	(865)	(661)	0	0	0	<b>14,120</b>
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	(37)	(2,123)	0	1,121	0	<b>(1,039)</b>
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(14,885)	(7,334)	2,123	0	(235)	0	<b>(20,331)</b>
Derecognition – disposals	351	709	723	0	0	0	<b>1,783</b>
Derecognition – other	665	55	566	0	0	0	<b>1,286</b>
Reclassifications and transfer	0	(7)	11	0	(4)	0	<b>0</b>
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0	<b>0</b>
<b>at 31 March 2023</b>	<b>(58,043)</b>	<b>(24,499)</b>	<b>(23,080)</b>	<b>(1,294)</b>	<b>(839)</b>	<b>0</b>	<b>(107,755)</b>
<b>Net Book Value</b>							
<b>at 31 March 2023</b>	<b>803,310</b>	<b>596,551</b>	<b>95,338</b>	<b>6,092</b>	<b>4,555</b>	<b>27,679</b>	<b>1,533,525</b>
<b>at 31 March 2022</b>	<b>789,513</b>	<b>590,151</b>	<b>84,628</b>	<b>6,257</b>	<b>3,993</b>	<b>46,341</b>	<b>1,520,883</b>

## Note 22.2 – Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 SI 1232/2022 this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

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

2022/23		2023/24
£'000		£'000
253,578	Net book value (modified historic cost) at 1 April	254,780
10,782	Additions	18,120
1,315	Reclassifications and transfer	6,323
0	Derecognitions	0
(10,895)	Depreciation	(11,392)
0	Impairment	0
<b>254,780</b>	<b>Net Book Value at 31 March</b>	<b>267,831</b>

For the 2020/21 accounts, a limitation of scope was issued on the basis that the Council were unable to obtain and provide sufficient, appropriate evidence as to whether the net book value of fixed assets was materially correct.

Subsequently DLUCH issued a statutory instrument allowing for the infrastructure assets opening balance to be brought forward without amendment and determining the carrying amount to be derecognised in respect of replaced components to be nil. CIPFA issued revised guidance to implement this in Local Authority Accounts meaning a limitation of scope is no longer needed. The Council have decided to apply the Statutory Instrument and revised disclosures are shown here.

For the 2021/22 accounts the Council completed a thorough review of our Accounting Policy for all Infrastructure assets, the revised policy can be found in the Accounting Policy U.

The authority has determined in accordance with Regulation [30M England] of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amount being derecognised for infrastructure assets following replacement expenditure is nil.

## Depreciation

Depreciation should be provided on all assets with a finite useful life, which can be determined at the time of acquisition or revaluation.

The table below details the different classes of asset held by the Council, the useful lives of each class of asset and the total depreciation charged for the year.

2022/23 Depreciation Charge		Potential Useful Life of Asset Years	Actual Useful Life of Asset Years	2023/24 Depreciation Charge
<b>£'000</b>				<b>£'000</b>
16,366	Council Dwellings	10 - 85 *	10 - 85 *	16,531
11,115	Other Properties	20 - 60 **	20 - 60 **	10,844
5,481	Vehicles, Plant and Equipment	3 - 40 ***	3 - 40 ***	6,358
0	Leased VPE	3 - 40 ***	3 - 40 ***	0
<b>32,962</b>	<b>Total PPE (Note 22.1) Depreciation</b>			<b>33,733</b>
10,895	Infrastructure	5 - 120****	5 - 120****	11,392
<b>43,857</b>	<b>Total PPE Depreciation</b>			<b>45,125</b>
5	Heritage Assets	20 - 60 **	20 - 60 **	5
<b>43,862</b>	<b>Total Depreciation</b>			<b>45,130</b>

\* The depreciation for Right to Buy Council Dwellings is based on actual useful lives.

\*\* The depreciation calculation for Other Properties is based on a 60 year life from the completion date. Each time an asset is revalued the asset life is revised, but the calculation is based on the date of completion, a life of 60 years and the revaluation date.

\*\*\* The useful life varies from 3 to 40 years depending on the estimated life of each asset.

\*\*\*\* The useful life varies from 5 to 120 years depending on the estimated life of each asset.

Please see Accounting Policy T and U for further details.

## Capital Commitments

The Council prepares an annual capital programme, but a number of schemes take several years to complete thus committing the authority to capital expenditure in future years.

Overall commitments at 31 March 2024, including those with a commitment of less than £2.0m totalled £180.249m.

Capital Commitments resulting in expenditure for foundation schools and other non-Council owned assets will be treated as Revenue Expenditure Funded from Capital under Statute (REFCUS) because it will not result in an asset for the Council.

Contractual commitments as at 31 March 2024 with a commitment of £2.0m or more are shown in the table.

Segment: Scheme Name	Scheme Description	2023/24	Period of Investments
		£'000	Years
High Complex Needs Provision	Design and Construction of Reconfiguration and Refurbishment at Galley Hill into a new High Complex Need Provision	3,359	1
Calverton Lane Primary School	Construction of new school	8,840	1
HIF - Social Infrastructure	Construction of MK East Primary School	10,540	2
HIF - Highways Infrastructure	Infrastructure work on Dual Carriageways, Junctions & Roundabouts and Bridges & Subways	17,575	1
Lakes Estate	Lakes Estate Regeneration	76,126	4
Decent Homes Programme	Communal, Doors, Windows, Bathrooms, Wiring, Kitchen, External Walls	11,143	1
Energy Improvements	Social Housing Decarbonisation Fund (SHDF) Wave 2	26,754	1
<b>Total</b>		<b>154,337</b>	

## Valuation of Non-Current Assets

### General Fund

The Authority groups the programme by property type, this accords with the guidance in the Code and ensures that properties of a similar nature (having regard to the Authority's operations) are valued together. This ensures consistency of valuations across the property types and therefore consistency of valuations (and approach towards these valuations) across the rolling programme.

Annual valuations are carried out on Investment, Asset held for Sale and Surplus Assets.

All 2023/24 valuations, including year-end valuations due to significant expenditure on individual assets, were carried out by Mark Aldis MRICS of Wilks Head and Eve Chartered Surveyors and Town Planners LLP (WHE).

A Property Market Review as a supplementary document of the 2023/24 valuations was carried out by Mark Aldis and Guy Harbord MRICS Registered Valuers of WHE. It refers to three aspects namely; Material changes that have occurred before the year end, Market review of assets valued during the financial year, Market review on those assets not revalued in the financial year. There were no material changes.

Land values applied in 2023/24 are £3.750m per ha, compared to £3.280m in 2022/23 a £0.470m movement.

In addition, we have an annual valuation for the significant waste plant assets at the Milton Keynes Waste Recovery Park. The valuations of these specialised assets were carried out by Sam Hinder, MRICS Registered Valuer of Hilco Valuation Services.

The Valuers has completed the valuation reports in accordance with the following guidance relating to asset valuation for capital accounting purposes:

- Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards and the RICS Valuation – Global Standards 2017: UK National Supplement.
- International Financial Reporting Standards (IFRS).
- Chartered Institute of Public Finance and Accounting Code of Practice on Local Authority Accounting ('The CIPFA Code') 2023/24.

## Council Dwellings

Council Dwellings have been valued as at 1 April 2023 based on a desk top review and a full property review has been undertaken as at 31 March 2024. Council dwellings were valued by Nicholas G Worman BSc DipSurv MRICS Registered Valuer and Peter O'Brien BSc (Hons) MRICS RICS Registered Valuer both of Avison Young (UK) Limited in line with MHCLG 2016 Guidance on Stock Valuation and the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards 2022.

A componentised approach to the valuation of Council Dwellings led to a significant increase in capital charges to the Housing Revenue Account.

- Depreciation c£16.531m.
- Derecognition of Components £6.523m.

The year-end valuation created a total £8.982m Impairments, these impairments resulted from:

- Capital expenditure of £3.825m purchasing of 13 dwelling properties, the change in valuation basis has resulted in impairment of £2.483m.
- Capital expenditure of £8.153m new build and conversions creating 72 new dwelling properties, the change in valuation basis has resulted in impairment of £5.750m.
- Impairment dwellings awaiting capital expenditure to reinstate resulted in additional impairment of £0.749m.

## Property, Plant and Equipment Revaluations

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	0	0	30,484	5,931	0	36,415
Valued at current value as at:						
31/03/2024	803,211	115,978	86,899	0	7,609	1,013,697
31/03/2023	0	106,954	0	0	0	106,954
31/03/2022	0	310,414	0	0	0	310,414
31/03/2021	0	41,573	0	0	0	41,573
31/03/2020	0	15,783	0	0	0	15,783
<b>Total Cost or Valuation</b>	<b>803,211</b>	<b>590,702</b>	<b>117,383</b>	<b>5,931</b>	<b>7,609</b>	<b>1,524,836</b>

## Foundation School Asset Values

Under the Schools Standards and Framework Act 1998, Foundation Schools Assets are vested in the Governing Bodies of the individual foundation schools. In 2023/24 there were no schools that transferred to foundation status. There was however one community schools that converted to academy status – Lavendon Combined School. There was also one newly built school which transferred to Academy upon operational status – Watling Primary.

## Impairment

The following table shows the impairment charges for non-current assets in 2023/24:

	Impairment Loss			Reversal of Impairment Loss			Total to Revaluation Reserve	Service Total
	Taken to Revaluation Reserve	Charged to Services		Taken to Revaluation Reserve	Previously Charged to Service			
		General Fund	HRA		General Fund	HRA		
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Property Plant and Equipment</b>								
Council Dwellings	0	0	8,982	0	0	(510)	0	8,472
Other Land & Buildings	1,423	600	0	(2,266)	(2,792)	0	(843)	(2,192)
Vehicles, Plant, Furniture and Equipment	1,777	1,053	0	(1,887)	(943)	0	(110)	110
Surplus Assets	0	0	0	50	(360)	0	50	(360)
<b>Total Property Plant and Equipment</b>	<b>3,200</b>	<b>1,653</b>	<b>8,982</b>	<b>(4,103)</b>	<b>(4,095)</b>	<b>(510)</b>	<b>(903)</b>	<b>6,030</b>
<b>Total Impairment</b>	<b>3,200</b>	<b>1,653</b>	<b>8,982</b>	<b>(4,103)</b>	<b>(4,095)</b>	<b>(510)</b>	<b>(903)</b>	<b>6,030</b>

## Material impairment losses

During 2023/24, the Council has recognised material impairment losses totalling £10.733m in relation to Council Dwellings. Further details of all material impairment losses can be found in the table below:

Assets	Material Impairment Loss - Recognised in year	£'000
<b>Housing Revenue Account</b>	Council Dwellings	8,472
<b>Community</b>	Greenley's Community Centre	765
	Warren Community Centre	542
	Warrick Road Activity Centre	443
	Various Properties	(5,095)
<b>Various</b>		
<b>Total</b>		<b>5,127</b>

## Note 22.3 – Assets Held for Sale

2022/23		2023/24
£'000		£'000
7,774	Balance outstanding at start of year	9,521
	Assets newly classified as held for sale:	
1,487	- Property Plant and Equipment	0
574	Revaluation losses	(115)
(314)	Assets Sold	0
<b>9,521</b>	<b>Balance Outstanding year end</b>	<b>9,406</b>

The most significant Assets held for sale at the 31 March 2024 includes Saxon Court the former Councils offices valued at £8.087m. The contracts were exchanged but have been through renegotiation the sale is now expected in 2024/25.

## Note 23 – Investment Properties

In 2023/24 the annual rental income from investment properties is £0.057m (£0.053m in 2022/23).

The movement in the fair value of investment properties during 2023/24 comprised of:

2022/23		2023/24
£'000		£'000
87,563	Balance at start of year	109,052
	Additions:	
0	- Purchases	0
1,959	- Subsequent Expenditure	872
(3,709)	Disposals	(24)
23,239	Net Gain/losses from fair value adjustment	(8,668)
	Transfers to/from:	
0	- Property Plant and Equipment	0
<b>109,052</b>	<b>Balance Outstanding year end</b>	<b>101,232</b>

A significant addition to Investment Properties in 2023/24 related to the Agora in Wolverton. Development project costs of £0.754m have been incurred for this site in year.

The fair value loss in Investment Properties £8.668m mainly relates to the Tickford Fields Farm, Shenley Grounds Farm & Weald Leys Farm development land £6.760m.

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

The fair value for the farmland located in the Council's Western Expansion Development area has been based on the market approach using current rents and market sales evidence for similar assets in the local authority area.

## Highest & Best Use of Investment Properties

Farms classified as investment properties are currently held for capital appreciation – the agricultural land is located in the Council's Western Expansion area and is allocated for residential and employment development.



## Valuation Techniques

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

## Effects of Changes in Estimates

The consensus is the uncertainty created by the UK leaving the EU will lead to a slowdown. The length and depth of this slowdown will depend on various political decisions. Whilst the deal provides a more certain position in relation to the UK's future relationship with the EU the full implications will take some time to realise. We therefore remain in a period of uncertainty in relation to many factors that impact the construction markets, supply & demand and, costs associated with this market.

The Russian invasion of Ukraine has added to the levels of global uncertainty during the period. As a response the international community has been united in applying sanctions against the Russian state. There are currently no known specific impact to the value of the assets within the portfolio because of the invasion, this will continue to be monitor as the crisis continues. The values of the assets within the portfolio will be kept under regular review.

The Israel and Palestine Conflict: Gaza's Hamas Terrorist attack on Israel 'October 7th 2023'. The Red Sea crisis on 19 October 2023, where the Iran -backed Houthi movement within Yemen launched a missile and armed drones attack at Israel. The Houthi have staged multiple seizures of civilian operated cargo ships including vessels with no apparent link to Israel, which has brought in international military protection. This is an ongoing situation which has been heightened potential with wider implications across the UK and Europe although there are currently no known specific impact to the value of the assets within the portfolio because of the conflict, this will continue to be monitor as the crisis continues. The values of the assets within the portfolio will be kept under regular review.

Accordingly, and for the avoidance of doubt, the valuations are not being reported as subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

This explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the commentary opinion was prepared.

Further details can be found in Note 7 Assumptions made about the future and other Major Sources of Estimation Uncertainty.

## Note 24 – Capital Expenditure and Capital Financing

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

The CFR is analysed in the second part of this note.

2022/23	Note		2023/24
£'000			£'000
<b>689,155</b>		<b>Opening Capital Financing Requirement</b>	<b>696,853</b>
		Capital Investment:	
97,067		Assets	143,196
11,298	30.2c	Revenue Expenditure Funded from Capital under Statute	56,852
<b>108,365</b>		<b>Total Capital Spending</b>	<b>200,048</b>
<hr/>			
		<b>Sources of Finance:</b>	
(5,272)	30.1a	Capital Receipts	(26,053)
(41,785)	30.1c	Other Government Grants & Contributions	(115,158)
(16,411)	30.1b	Major Repairs Reserves	(16,617)
		<b>Sums set aside from revenue:</b>	
(24,431)	30.2c	Revenue Contributions	(38,761)
0		HRA Additional Voluntary Payment of Debt	(6,091)
0		GF Additional Voluntary Provision	0
(12,768)		Minimum Revenue Provision	(12,678)
<b>(100,667)</b>		<b>Total Sources of Finance</b>	<b>(215,358)</b>
<b>696,853</b>		<b>Closing Capital Financing Requirement</b>	<b>681,543</b>
<hr/>			
		Explanation of movements in year:	
0	30.1a	Increase/(Decrease) in underlying need to borrow (supported by government financial assistance)	(2,351)
7,698		Increase/(Decrease) in underlying need to borrow (unsupported by government financial assistance)	(12,959)
0		Assets acquired under finance leases	0
<b>7,698</b>		<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>(15,310)</b>

## Note 25 – Debtors

### a) Long Term Debtors

2022/23		2023/24
£'000		£'000
11,111	Other Long Term Debtors	3,372
<b>11,111</b>	<b>Total</b>	<b>3,372</b>

## b) Short Term Debtors

2022/23 Restated*		2023/24
£'000		£'000
22,043	Trade Receivables	25,571
113,910	Other Receivable Amounts	86,428
(20,118)	Provision for Bad Debts	(19,798)
<b>115,835</b>	<b>Total</b>	<b>92,201</b>

\* In the 2022/23 MKCC Accounts £1.632m of debtors was classified as creditors in error, therefore the 2022/23 Short Term Debtors & Creditors balances have been restated.

## Note 26 – Creditors

2022/23 Restated*		2023/24
£'000		£'000
(48,769)	Trade payables	(2,537)
(182,415)	Other payables	(115,419)
<b>(231,184)</b>	<b>Total Creditors</b>	<b>(117,956)</b>

\* In the 2022/23 MKCC Accounts £1.632m of debtors was classified as creditors in error, therefore the 2022/23 Short Term Debtors & Creditors balances have been restated.

## Note 27 – Borrowing Repayable

### a) Analysis of Loans by type:

2022/23 £'000		Range of Interest Rates - 31 March 2023	2023/24 £'000
	<b>Source of Loan</b>		
(425,156)	Public Works Loan Board	Lowest: 3.37% / Highest: 10.875%	(409,735)
(15,257)	Market Loans	Lowest: 3.75% / Highest: 6.62%	(10,134)
<b>(440,413)</b>	<b>Total</b>		<b>(419,869)</b>

### b) Analysis of Loans by maturity:

2022/23 £'000		2023/24 £'000
	<b>Borrowing repayable on demand or within 12 months</b>	
(21,572)	Borrowing repayable on demand or within 12 months	(13,450)
(1,513)	Accrued interest on borrowing repayable within a period in excess of 12 months	(2,429)
<b>(23,085)</b>	<b>Total Borrowing repayable on demand or within 12 months</b>	<b>(15,879)</b>
	<b>Borrowing repayable within a period in excess of 12 months</b>	
(13,338)	Maturing in 1 to 2 years	(13,965)
(40,796)	Maturing in 2 to 5 years	(36,708)
(53,920)	Maturing in 5 to 10 years	(65,718)
(128,914)	Maturing in 10 to 20 years	(107,239)
(45,000)	Maturing in 20 to 30 years	(60,000)
(125,360)	Maturing in 30 to 40 years	(110,360)
(10,000)	Maturing in 40 to 50 years	(10,000)
<b>(417,328)</b>	<b>Total Borrowing repayable within a period in excess of 12 months</b>	<b>(403,990)</b>
<b>(440,413)</b>	<b>Total</b>	<b>(419,869)</b>

## Note 28 – Provisions

### Current Provisions

2023/24	Appeals Provision	Other Provisions	Total
	£'000	£'000	£'000
Opening Balance	0	(6,531)	(6,531)
Increase in provision during year	0	(289)	(289)
Utilised during year	0	340	340
Unused Amounts Reversed	0	226	226
<b>Closing Balance</b>	<b>0</b>	<b>(6,254)</b>	<b>(6,254)</b>

2022/23	Appeals Provision	Other Provisions	Total
	£'000	£'000	£'000
Opening Balance	0	(7,808)	(7,808)
Increase in provision during year	0	(490)	(490)
Utilised during year	0	61	61
Unused Amounts Reversed	0	1,706	1,706
<b>Closing Balance</b>	<b>0</b>	<b>(6,531)</b>	<b>(6,531)</b>

### Long Term Provisions

2023/24	Appeals Provision	Other Provisions	Total
	£'000	£'000	£'000
Opening Balance	(7,350)	0	(7,350)
Increase in provision during year	(2,983)	0	(2,983)
Utilised during year	3,547	0	3,547
Unused Amounts Reversed	0	0	0
<b>Closing Balance</b>	<b>(6,786)</b>	<b>0</b>	<b>(6,786)</b>

2022/23	Appeals Provision	Other Provisions	Total
	£'000	£'000	£'000
Opening Balance	(15,288)	0	(15,288)
Increase in provision during year	0	0	0
Utilised during year	3,652	0	3,652
Unused Amounts Reversed	4,286	0	4,286
<b>Closing Balance</b>	<b>(7,350)</b>	<b>0</b>	<b>(7,350)</b>

### Total Provisions

2022/23	Total Provisions	2023/24
£'000		£'000
(23,096)	Opening Balance	(13,881)
(490)	Increase in provision during year	(3,272)
3,713	Utilised during year	3,887
5,992	Unused Amounts Reversed	226
<b>(13,881)</b>	<b>Closing Balance</b>	<b>(13,040)</b>

## Appeals Provision

Under NDR retention, the Council retains percentage share of all business rates income net of any backdated reductions. Rate payers can appeal a valuation and they have up to the end of the current Rating List (31 March 2024) in respect of the 2017 rating list. Rating appeals can be also made against the current 2023 rating list. It is impracticable to quantify increase in claimants against an increase in provision as claimants are not all appealing the same value. This appeals provision has been calculated based on information provided by the Valuation Office Agency and external bodies, combined with local knowledge of the Rating List. The Council has undertaken a detailed review of the provision based on a detailed external assessment from an external rating expert to estimate likely losses.

## Other Provisions

### a) Insurance Provision

At the 31 March 2024 the Council has outstanding insurance liabilities (estimated claims for which liability was accepted) totalling £4.490m. A provision has been charged to the Comprehensive Income & Expenditure Account to fund this and recognises this liability with funding met through reserves.

### b) Term Time Only Settlement Provision

The calculation of holiday pay entitlement for term time only staff (school staff and staff that are centrally employed) was specifically outlined in the Green Book for the first time in February 2019. The new calculation resulted in an increase in holiday pay for these staff and the new calculation was implemented from 1 April 2019. During 2019/20 we discussed with the unions about a backdated settlement as a result of the change in calculation – Councillors signed off the agreed settlement by delegated decision in February 2020. There were settlements made during the year totalling £0.093m in addition to the £3.405m paid in previous years and an estimation of £0.678m for further settlements has been included in the 2023/24 accounts.

### c) Planning Appeals Provision

Provision to cover possible future liabilities relating to planning appeals £0.905m.

## Note 29 – Contingent Liabilities

The most significant contingent gains and losses disclosed in the Council's accounts for the year ending 31 March 2024 are as follows:

- a) In January 2013 the Council took over the management of the Milton Keynes Tariff, which is a framework Section 106 agreement under which developers contribute to the provision of local and strategic infrastructure to mitigate the impact of growth. The terms of the funding agreement state that the Council will manage the expenditure so that the tariff deficit is managed down to zero by the risk share cut-off date. In the event that this is not achieved, a risk sharing agreement is in place with the Homes England and the Department for Levelling Up, Housing & Communities to allocate the first £22.0m of any deficit in the proportion 10:5:7. The Council will be liable for any tariff deficit in excess of the risk share.

The Council is currently of the view that there will be no deficit share for which it will be liable. In the event that the Council does not fully spend tariff contributions by 2031, it would be obliged to repay these together with interest. A separate risk reserve is held to mitigate any future impact £9.498m.

- b) Milton Keynes City Council has entered into an agreement in accordance with Section 11(6) of the Local Government Act 2003 which enables the Council to retain additional capital receipts. These additional receipts must be used towards the provision of new affordable housing within the borough. If, following five years from the date of receipt, any of the capital receipt remains unspent by the Council, the remaining element is required to be repaid. Any repayment due will be subject to interest 4% above the base rate at the date of expiry. At the 31 March 2024 we have unallocated receipts of £2.016m.
- c) Due to the uncertainty in terms of both timing and amounts Milton Keynes City Council have estimated a provision for future losses to business rates income as a result of business rate appeals against the 2017 and 2023 rating lists. As such, the potential for further reductions above or below this amount is a potential liability to Milton Keynes City Council which cannot be estimated at this time.
- d) The Council was awarded Housing Infrastructure Funding Grant totalling £94.6m by Homes England to fund two separate packages of Highways and Social Infrastructure in MK East. The Council has directly procured the construction of a new Primary School and Health Hub Centre and Highways works are being delivered by the developer.

In March 2022 MKCC entered into a grant sharing agreement with St James Group Ltd in relation to the Housing Infrastructure Fund Grant Determination Agreement. The grant sharing agreement has a provision for overruns whereby both parties are liable for 50% of any infrastructure expenditure more than the grant of £79.557m up to a cost cap of £19.133m. Berkley St James Group have agreed that they will fund the costs above the cost cap and a deed of variation for these changes will be entered into by the end of June 2024.

As part of the development area the Council has set up a Tariff Scheme to fund other infrastructure that the area will need because of the development in MK East.

- e) Planning permission for the redevelopment of a site was refused in August 2023. The decision was subsequently appealed to the Planning Inspectorate and a Public Inquiry held in March 2024. The appeal was held in May 24 and partial costs awarded. A cost claim will now be submitted by the appellant which will be considered by the Council.
- f) A potential claim for adverse possession has been flagged in respect of land in Willen. Negotiations are currently being held with the complainant, and all routes to possible settlement are being explored.

## Note 30.1 – Usable Reserves

Movements in the authority's usable reserves are detailed in the Movement in Reserves Statement:

2022/23	Note		2023/24
£'000			£'000
(29,668)		General Fund Balance	(34,584)
(78,692)	10	Earmarked General Fund Reserves	(157,528)
(11,533)	10	Schools Balance Reserve	(11,679)
(7,380)		Housing Revenue Account	(7,859)
(45,220)	10	Earmarked HRA Reserves	(37,719)
(53,825)	30.1a	Capital Receipts Reserve	(53,404)
0	30.1b	Major Repairs Reserve	0
(45,593)	30.1c	Capital Grants Unapplied	(47,916)
<b>(271,911)</b>	<b>Total</b>		<b>(350,689)</b>

### a) Capital Receipts Reserve

2022/23			2023/24
£'000			£'000
(30,366)		Balance 1 April	(53,825)
(9,720)		Capital Receipts in year	(8,266)
(19,011)		Deferred Receipts realised	(20,001)
0		Capital Receipts Pooled	284
0		Capital Receipts transferred to Capital Adjustment Account to repay debt	2,351
5,272		Capital Receipts used for financing	26,053
<b>(53,825)</b>	<b>Balance 31 March</b>		<b>(53,404)</b>

### b) Major Repairs Reserve

2022/23			2023/24
£'000			£'000
0		Balance 1 April	0
(16,411)		Depreciation and Amortisation	(16,617)
16,411		Application to finance capital expenditure	16,617
<b>0</b>	<b>Balance 31 March</b>		<b>0</b>

### c) Capital Grants Unapplied

2022/23			2023/24
£'000			£'000
(39,770)		Balance 1 April	(45,593)
(47,608)		Capital grants recognised in year	(117,481)
41,785		Capital grants and contributions applied	115,158
<b>(45,593)</b>	<b>Balance 31 March</b>		<b>(47,916)</b>

## Note 30.2 – Unusable Reserves

2022/23	Note		2023/24
£'000			£'000
(293,189)	30.2a	Revaluation Reserve	(294,197)
721	30.2b	Pooled Investment Funds Adjustment Account	1,278
(918,800)	30.2c	Capital Adjustment Account	(992,168)
454	30.2d	Financial Instruments Adjustment Account	990
33,249	30.2e	Pension Reserve	6,174
(31,911)	30.2f	Deferred Capital Receipts Reserve	(11,910)
(88,940)	30.2g	Collection Fund Adjustment Account	(5,482)
1,117	30.2h	Accumulated Absences Account	1,680
<b>(1,297,299)</b>		<b>Total</b>	<b>(1,293,635)</b>

### a) Revaluation Reserve

2022/23		2023/24
£'000		£'000
(276,357)	<b>Balance 1 April</b>	(293,189)
(37,175)	Upward revaluation of assets	(16,117)
7,551	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	7,146
<b>(29,624)</b>	<b>Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services</b>	<b>(8,971)</b>
4,647	Difference between fair value depreciation and historical cost depreciation	5,380
8,145	Accumulated gains on assets sold or scrapped	2,583
<b>12,792</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>7,963</b>
<b>(293,189)</b>	<b>Balance 31 March</b>	<b>(294,197)</b>

### b) Pooled Investment Funds Adjustment Account

2022/23		2023/24
£'000		£'000
(2,098)	<b>Balance 1 April</b>	721
2,819	Upward (downward) revaluation of investments	557
<b>2,819</b>	<b>Total Changes in revaluation and impairment</b>	<b>557</b>
<b>721</b>	<b>Balance 31 March</b>	<b>1,278</b>



### c) Capital Adjustment Account

2022/23			2023/24
£'000	Note		£'000
(906,449)		<b>Balance 1 April</b>	(918,800)
56,736		Charges for depreciation and impairment of non-current assets	54,187
(19,401)		Revaluation losses on non-current assets	3,365
540		Amortisation of intangible assets	606
11,298	24	Revenue expenditure funded from capital under statute	56,852
75,174		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	26,275
124,347		Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	141,285
(12,792)		Adjusting Amounts written out of the Revaluation Reserve	(7,963)
<b>111,555</b>		<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>133,322</b>
(5,272)	30.1a	Use of Capital Receipts Reserve to finance new capital expenditure	(26,053)
(16,411)	30.1b	Use of Major Repairs Reserve to finance new capital expenditure	(16,617)
(41,785)	30.1c	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(115,158)
(12,768)		Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(16,418)
(24,431)	24	Capital expenditure charged against the General Fund and HRA balances	(38,761)
<b>(100,667)</b>		<b>Capital financing applied in year:</b>	<b>(213,007)</b>
0	30.1a	Borrowing or liabilities met from the UCRR	(2,351)
(23,239)	23	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	8,668
0		Other movements	0
<b>(918,800)</b>		<b>Balance 31 March</b>	<b>(992,168)</b>

### d) Financial Instruments Adjustment Account

2022/23			2023/24
£'000			£'000
497		<b>Balance 1 April</b>	454
(43)		Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	578
0		Proportion of premiums incurred in previous financial years to be charged against the General Fund balance in accordance with statutory requirements	(42)
(43)		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	536
0		Other movements	0
<b>454</b>		<b>Balance 31 March</b>	<b>990</b>

## e) Pension Reserve

2022/23		2023/24
£'000		£'000
373,718	<b>Balance 1 April</b>	33,249
(346,458)	Remeasurements of the net defined benefit (liability)/asset	(20,614)
30,014	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	18,290
(24,025)	Employer's pensions contributions and direct payments to pensioners payable in the year	(24,751)
<b>33,249</b>	<b>Balance 31 March</b>	<b>6,174</b>

## f) Deferred Capital Receipts Reserve

2022/23		2023/24
£'000		£'000
(30,755)	<b>Balance 1 April</b>	(31,911)
(20,167)	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0
19,011	Transfer to the Capital Receipts Reserve upon receipt of cash	20,001
<b>(31,911)</b>	<b>Balance 31 March</b>	<b>(11,910)</b>

## g) Collection Fund Adjustment Account

2022/23		2023/24
£'000		£'000
(37,447)	<b>Balance 1 April</b>	(88,940)
(51,493)	Amount by which Council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from Council tax income calculated for the year in accordance with statutory requirements	83,458
<b>(88,940)</b>	<b>Balance 31 March</b>	<b>(5,482)</b>

## h) Accumulated Absences Account

2022/23		2023/24
£'000		£'000
<b>1,253</b>	<b>Balance 1 April</b>	<b>1,117</b>
(1,253)	Settlement or cancellation of accrual made at the end of the preceding year	(1,117)
1,117	Amounts accrued at the end of the current year	1,680
(136)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	563
<b>1,117</b>	<b>Balance 31 March</b>	<b>1,680</b>

## Note 31 – Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

2022/23		2023/24	
£'000		£'000	
1,245	Cash and Bank balances	3,396	
225,174	Short Term Deposits	98,224	
<b>226,419</b>	<b>Total Cash and Cash Equivalents</b>	<b>101,620</b>	

At the 31 March 2024, the Council held £98.224m invested with various financial institutions as short term deposits (£225.174m at the 31 March 2023). The deposits are investments held for cash flow purposes that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. Due to the nature of these investments, the balance will vary year on year.

## Note 32.1 – Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

2022/23		2023/24	
£'000		£'000	
(15,532)	Interest received	(27,694)	
21,224	Interest paid	21,236	
<b>5,692</b>	<b>Total</b>	<b>(6,458)</b>	

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

2022/23 Restated*		2023/24	
£'000		£'000	
(14,463)	Depreciation & Impairment and downward valuations	(66,653)	
(173)	Amortisation	(173)	
2,071	(Increase)/decrease in impairment for bad debts	2,071	
(73,780)	(Increase)/decrease in creditors	109,344	
34,439	Increase/(decrease) in debtors	(20,736)	
(18)	Increase/(decrease) in inventories	103	
(5,989)	Movement in pension liability	6,461	
(75,174)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(26,275)	
(2,819)	Other non-cash movements charged to the surplus or deficit on provision of services	(841)	
<b>(135,906)</b>	<b>Total</b>	<b>3,301</b>	

\* In the 2022/23 MKCC Accounts £1.632m of debtors was classified as creditors in error, therefore the 2022/23 Debtors & Creditors adjustments have been restated.

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

2022/23		2023/24	
£'000		£'000	
29,887	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	8,266	
47,608	Any other items for which the cash effects are investing or financing cash flows	117,481	
<b>77,495</b>	<b>Total</b>	<b>125,747</b>	

## Note 32.2 – Cash Flow from Investing Activities

2022/23		2023/24
£'000		£'000
108,518	Purchase of property, plant and equipment, investment property and intangible assets	122,002
2,346,746	Purchase of short-term and long-term investments	1,438,786
(28,731)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(27,561)
(2,273,747)	Proceeds from short-term and long-term investments	(1,413,535)
(49,954)	Other receipts from investing activities	(108,725)
<b>102,832</b>	<b>Net cash flows from investing activities</b>	<b>10,967</b>

## Note 32.3 – Cash Flow from Financing Activities

2022/23		2023/24
£'000		£'000
(22,517)	Other receipts from financing activities	9,865
10,096	Repayments of short-term and long-term borrowing	21,215
(1,158)	Other payments for financing activities	(767)
<b>(13,579)</b>	<b>Net cash flows from financing activities</b>	<b>30,313</b>

## Note 33 – Financial Instruments

Financial instruments are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument. They are classified based on the business model for holding the instruments and their expected cashflow characteristics.

### Financial Assets

Financial assets are now classified into one of three categories:

- Financial Assets
- Fair value Through Other Comprehensive Income (FVOCI)
- Fair Value Through Profit and Loss (FVTPL)

### a) Financial Instrument Balances

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

	Non-Current Financial Assets				Current Financial Assets					
	Investments		Debtors		Investments		Debtors		Cash	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Amortised cost	0	0	0	0	221,276	249,167	59,700	47,152	225,174	98,224
Fair Value through Profit or Loss	14,279	13,722	0	0	127	156	0	0	0	0
<b>Total financial assets</b>	<b>14,279</b>	<b>13,722</b>	<b>0</b>	<b>0</b>	<b>221,403</b>	<b>249,323</b>	<b>59,700</b>	<b>47,152</b>	<b>225,174</b>	<b>98,224</b>
Non-financial assets	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>14,279</b>	<b>13,722</b>	<b>0</b>	<b>0</b>	<b>221,403</b>	<b>249,323</b>	<b>59,700</b>	<b>47,152</b>	<b>225,174</b>	<b>98,224</b>

The debtor's lines on the Balance Sheet include £43.450m (£54.503m in 2022/23) short-term and £3.372m (£11.111m in 2022/23) long-term debtors that do not meet the definition of a financial asset. See note 25 for further information.

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

	Non-Current Financial Liabilities				Current Financial Liabilities			
	Borrowings		Creditors		Borrowings		Creditors	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Amortised cost	(417,328)	(403,990)	0	0	(23,085)	(15,879)	(74,081)	(56,161)
<b>Total financial liabilities</b>	<b>(417,328)</b>	<b>(403,990)</b>	<b>0</b>	<b>0</b>	<b>(23,085)</b>	<b>(15,879)</b>	<b>(74,081)</b>	<b>(56,161)</b>
Non-financial liabilities	0	0	0	0	0	0	0	0
<b>Total</b>	<b>(417,328)</b>	<b>(403,990)</b>	<b>0</b>	<b>0</b>	<b>(23,085)</b>	<b>(15,879)</b>	<b>(74,081)</b>	<b>(56,161)</b>

The short-term creditor's lines on the Balance Sheet include £53.730m (£155.471m in 2022/23) that does not meet the definition of a financial liability. See note 26 for further information.

#### b) Material Soft Loans Made by the Authority

Soft loans are those advanced at below market rates in support of the Council's service priorities. Soft loans are valued by discounting the contractual payments at the market rate of interest for a similar loan. The market rate has been arrived at by taking the Council's marginal cost of borrowing and adding a credit risk premium to cover the risk that the borrower is unable to repay the Council.

The Council is not in receipt of any soft loans advanced to us.

#### c) Reclassifications of financial instruments

During the financial year there have been no reclassifications between financial assets measured at fair value and those measured at amortised cost.

#### d) De-recognition of financial instruments

There have been no financial assets transferred in such a way that the assets did not qualify for de-recognition during the financial year.

#### e) Allowance account for credit losses

The Council has created an allowance for non-payment of debts. Each class of debt is reviewed and any impairment resulting from issues such as changes in the economic climate, or the financial position of the debtor is calculated. This is known as the incurred losses method.

#### f) Defaults and Breaches

In respect of loans payable by the Council during the year, there have been no breaches or defaults.

## g) Financial Instruments Income, Expenses, Gains and Losses

The income, expenses, gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

2022/23		Financial Liabilities	Financial Assets		2023/24
Total		Amortised Cost	Amortised Cost	Fair Value through Profit or Loss	Total
£'000		£'000	£'000	£'000	£'000
(19,666)	Interest payable and similar charges	(20,565)	0	0	(20,565)
11,064	Interest and investment income	0	24,212	813	25,025
(160)	Fee expenses	0	(55)	(90)	(145)
<b>(8,762)</b>	<b>Impact in Comprehensive Income &amp; Expenditure Statement</b>	<b>(20,565)</b>	<b>24,157</b>	<b>723</b>	<b>4,315</b>
(2,819)	Gains/(Loss) on revaluation	0	0	(557)	(557)
<b>(2,819)</b>	<b>Impact in Other Comprehensive Income</b>	<b>0</b>	<b>0</b>	<b>(557)</b>	<b>(557)</b>
<b>(11,581)</b>	<b>Net Interest or Gain/(Loss) for the year</b>	<b>(20,565)</b>	<b>24,157</b>	<b>166</b>	<b>3,758</b>

## Fair Values

The fair value of a financial instrument is the price that would be received when selling an asset, or the price that would be paid when transferring a liability, to another market participant in an arm's length transaction. Where liabilities are held as an asset by another party, such as the Council's borrowing, the fair value is estimated from the holder's perspective.

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at their fair value. For most assets - including bonds, shares in money market funds and other pooled funds - the fair value is taken from market prices.

For financial instruments carried at their amortised cost, their fair values disclosed below have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2024, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low interest rate environment.

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

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

### Fair Values of financial liabilities:

2022/23				2023/24	
Balance Sheet	Fair Value		Fair Value levels	Balance Sheet	Fair Value
£'000	£'000			£'000	£'000
<b>Financial liabilities held at amortised cost:</b>					
425,156	395,877	Loans from PWLB	2	409,735	359,386
15,257	15,033	Market Loans	2	10,134	7,607
<b>440,413</b>	<b>410,910</b>	<b>Total Financial Liabilities</b>		<b>419,869</b>	<b>366,993</b>
74,081		Liabilities for which fair value is not disclosed		56,161	
<b>514,494</b>	<b>410,910</b>	<b>Total Financial Liabilities</b>		<b>476,030</b>	<b>366,993</b>
<b>Recorded on Balance Sheet as:</b>					
74,081		Short-term creditors		56,161	
23,085		Short-term borrowing		15,879	
417,328		Long-term borrowing		403,990	
<b>514,494</b>		<b>Total Financial Liabilities</b>		<b>476,030</b>	

The fair value of financial liabilities held at amortised cost is lower than their Balance Sheet carrying amount because the Councils portfolio of loans includes a number of loans where the interest rate payable is lower than the current rates available for similar loans as at the Balance Sheet date.

## Fair Values of Financial Assets:

2022/23				2023/24	
Balance Sheet	Fair Value		Fair Value levels	Balance Sheet	Fair Value
£'000	£'000			£'000	£'000
		<i>Financial assets held at fair value:</i>			
69,659	69,659	Liquid Instruments (Money market funds & bank call accounts)	1	98,224	98,224
142,180	143,957	Certificates of Deposit	1	154,558	158,129
145,431	145,431	Deposits with UK Government	1	0	0
14,406	14,406	Property funds	1	13,879	13,879
80,974	80,974	Fixed Term Deposits (Banks and Building Societies)	1	88,767	88,767
0	0	Bank 35d notice account	1	0	0
		<i>Financial assets held at amortised cost:</i>			
8,206	8,206	Short-term loans to companies	2	5,841	5,841
<b>460,856</b>	<b>462,633</b>	<b>Total</b>		<b>361,269</b>	<b>364,840</b>
59,700		Assets for which fair value is not disclosed		47,152	
<b>520,556</b>	<b>462,633</b>	<b>Total Financial Assets</b>		<b>408,421</b>	<b>364,840</b>
		<b>Recorded on Balance Sheet as:</b>			
59,700		Short-term debtors		47,152	
221,403		Short-term investments		249,323	
14,279		Long-term investments		13,722	
225,174		Cash and Cash Equivalents		98,224	
<b>520,556</b>		<b>Total Financial Assets</b>		<b>408,421</b>	

Holdings in the CCLA Local Authority Property Fund are classified as Fair Value through Profit and Loss. Gains and losses on the fund would ordinarily be charged to the Comprehensive Income and Expenditure Statement, however a statutory override effective until 31 March 2025 requires that gains and losses on pooled investment funds must be reversed out through the Movement in Reserves Statement to the Pooled Investment Funds Adjustment Account.

The fair value of investment financial assets held at amortised cost is considered approximate to the carrying amount as they all mature in less than a year.

### h) Nature and Extent of Risks Arising from Financial Instruments

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

- Credit Risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity Risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Market Risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund



services. Risk management is carried out by a Treasury team, under policies approved by the Council in the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas such as interest rate risk, credit risk and the investment of surplus cash.

## Credit Risk

The Council manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures of credit risk including credit default swaps (a traded market of insurance against defaults) and equity prices when selecting counterparties to invest with.

The table below summarises the credit risk exposures of the Council's treasury investment portfolio by credit rating:

Credit Risk Rating	Long Term Assets		Short Term Assets	
	2022/23	2023/24	2022/23	2023/24
	£'000	£'000	£'000	£'000
<b>12-Month expected credit losses:</b>				
AAA	0	0	68,683	98,209
AA+	0	0	0	0
AA	0	0	10,152	12,583
AA-	0	0	81,447	72,556
A+	0	0	82,190	145,593
A	0	0	20,176	0
A-	0	0	30,165	12,608
UK Government	0	0	145,431	0
Unrated Local Authorities	0	0	0	0
Unrated Building Societies	0	0	0	0
Unrated Companies	0	0	8,206	5,841
Unrated Pooled Fund*	14,279	13,722	127	157
<b>Total Investments</b>	<b>14,279</b>	<b>13,722</b>	<b>446,577</b>	<b>347,547</b>

\* Credit risk is not applicable to shareholdings and unrated pooled funds where the Council has no contractual right to receive any sum of money.

Loss allowances on treasury investments are calculated by reference to historic default data published by credit rating agencies, adjusted for current and forecast economic conditions. A two year delay in cash flows is assumed to arise in the event of default. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by three or more credit rating notches or equivalent since initial recognition, unless they retain an investment grade credit rating. They are determined to be credit-impaired when downgraded to a "D" credit rating or equivalent.

At 31 March 2024 the Council assessed its credit loss exposure as £0.211m (compared to £0.193m in 2023/24). No loss provision has been charged to the revenue account as this amount is considered immaterial and, if the eventuality arose, the cost could be met from earmarked reserves. This position is kept under annual review.

## Exposure to Risk

### Unimpaired Past Due Amount Analysed by Age:

2022/23		2023/24	
£'000		£'000	
1,994	Less than three months	5,716	
677	Three to six months	71	
190	Six months to one year	61	
104	More than one year	138	
<b>2,965</b>	<b>Total</b>	<b>5,986</b>	

### Impaired Past Due Amount Analysed by Age:

2022/23		2023/24	
£'000		£'000	
1,577	Less than three months	2,109	
660	Three to six months	879	
932	Six months to one year	1,714	
2,297	More than one year	2,785	
<b>5,466</b>	<b>Total</b>	<b>7,487</b>	

## Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that the Council would be unable to raise finance to meet its commitments under financial instruments. Instead, the most prominent risk is that the Council might need to replenish its borrowings at a time of unfavourable interest rates. The annual Treasury Strategy, which is approved by Council in March each year, sets out strategies to manage and mitigate this risk.

The maturity analysis of the Council's borrowings is set out below:

2022/23		2023/24	
£'000		£'000	
23,085	Less than one year	15,879	
13,338	Between one and two years	13,965	
40,796	Between two and five years	36,708	
53,920	Between five and ten years	65,718	
128,914	Between ten and twenty years	107,239	
45,000	Between twenty years and thirty years	60,000	
125,360	Between thirty years and forty years	110,360	
10,000	Over forty years	10,000	
<b>440,413</b>	<b>Total</b>	<b>419,869</b>	

Associated loan interest charges are budgeted for as part of the legal requirement of the Council to set an annual balanced revenue budget and so these sums do not require refinancing when they fall due.

These contractual interest commitments are shown below:

2022/23		2023/24
£'000		£'000
18,057	Less than one year	17,157
17,159	Between one and two years	16,649
47,406	Between two and five years	45,046
64,913	Between five and ten years	62,059
86,126	Between ten and twenty years	81,492
63,615	Between twenty years and thirty years	61,555
27,932	Between thirty years and forty years	23,529
1,005	Over forty years	626
<b>326,213</b>	<b>Total</b>	<b>308,113</b>

## Market Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments and has a number of strategies for managing interest rate risk. These are set out in the annual Treasury Strategy which is approved by Council in March each year.

Movements in interest rates can have a wide range of complex implications on the Council's finances. For instance, a rise in interest rates would have the following effects on borrowings and investments:

- borrowings at variable rates – the interest expense charged to the surplus or deficit on the provision of services will rise
- borrowings at fixed rates – interest expense charged to the surplus or deficit on the provision of services remains unchanged, but the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited to the surplus or deficit on the provision of services will rise
- investments at fixed rates – the interest income credited to the surplus or deficit on the provision of services remains unchanged, but the fair value of the assets will fall.

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

As stated above, the Council has a number of strategies set out in the annual Treasury Strategy for managing interest rate risk. The Treasury management team has an active strategy for

assessing interest rate exposure that feeds into the annual budget and medium term planning cycle.

The table below sets out the financial impact if interest rates had been 1% higher at 31 March 2024, with all other variables held constant:

2022/23		2023/24
£'000		£'000
0	Increase in interest payable on variable rate borrowings	0
(725)	Increase in interest receivable on variable rate investments	(1,034)
(1,616)	Increase in government grant receivable for financing costs	(1,551)
<b>(2,341)</b>	<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>(2,585)</b>
(181)	Notional share of overall impact on HRA	(259)
<b>0</b>	<b>Increase/Decrease in fair value of investments held at Fair Value through Profit or Loss</b>	<b>0</b>
(719)	Increase/Decrease in fair value of financial assets	1,034
(41,435)	Increase/Decrease in fair value of financial liabilities	(35,235)
<b>(42,154)</b>	<b>Decrease in fair value of fixed rate borrowings liabilities</b>	<b>(34,201)</b>

The impact of a 1% fall in interest rates would have been the same as above but with the movements being reversed.

### Price Risk

The Council's investment in the CCLA Local Authority Property Fund is subject to the risk of falling commercial property prices. This risk is managed as part of the Council's Treasury Management Strategy and limited to the value of the Council's £15m cash holdings in the fund.

### Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

## Note 34 – Leases

The Council leases out property under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for local businesses.

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

## Authority as Lessor - Operating Leases

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

2022/23		2023/24
£'000		£'000
1,890	Not later than one year	2,102
6,028	Later than one year and not later than five years	6,674
13,840	Later than five years	15,534
<b>21,758</b>	<b>Total</b>	<b>24,310</b>

The minimum lease payments receivable does not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2023/24 £0.173m contingent rents were receivable by the Council (£0.160m in 2022/23).

## Authority as Lessee - Operating Leases

2022/23		2023/24
£'000		£'000
691	Not later than one year	107
230	Later than one year and not later than five years	170
1,165	Later than five years	1,203
<b>2,086</b>	<b>Total</b>	<b>1,480</b>

## Authority as Lessee - Finance Lease

2022/23				2023/24		
Minimum Lease Payment	Finance Charges	Present Value		Minimum Lease Payment	Finance Charges	Present Value
£'000	£'000	£'000		£'000	£'000	£'000
206	191	15	Not later than one year	206	190	16
822	755	67	Later than one year and not later than five years	822	752	70
10,480	6,543	3,937	Later than five years	10,275	6,357	3,918
<b>11,508</b>	<b>7,489</b>	<b>4,019</b>	<b>Total</b>	<b>11,303</b>	<b>7,299</b>	<b>4,004</b>

## Note 35 – Related Parties

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

### a) Central Government

The UK Government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework, within which the Council must operate, provides the majority of its funding in the forms of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax, housing benefits etc.).

Grants received from Government departments are set out in the Grant Income disclosure at note 21 to the Financial Statements.

#### b) Other Public Bodies (subject to common control by central government)

The Council has three pooled budget arrangements with the Milton Keynes Integrated Care Board. Full details of the transactions for each of the pooled arrangements can be found at note 18.

#### c) Councillors

Councillors have direct control over the Council's financial and operating policies. The total of Councillors' allowances paid during 2023/24 is shown in note 15. During 2023/24, works and services to the value of £1.703m were commissioned from organisations in which 17 Councillors had an interest.

In addition, the Council paid grants totalling £1.875m to voluntary and charitable organisations in which 18 Councillors had positions on the governing bodies. In all cases, grants were made with proper consideration of declarations of interest. The relevant Councillors did not take part in any discussion or decision relating to the grants.

Income received during 2023/24 totalled £0.015m (£0.017m in 2022/23) from 6 organisations in which 9 Councillors had an interest.

Related parties have been included in this note irrespective of whether there have been financial transactions with the Council.

Details of all Councillors' disclosures can be viewed online at [Your Councillors | Milton Keynes City Council \(moderngov.co.uk\)](https://www.moderngov.co.uk)

#### d) Officers

All staff employed by the Council are required to declare any interest or involvement with a third party which could give rise to a related party transaction. One senior officer is on the Parks Trust Events Board.

#### e) Outstanding Balances

The outstanding amounts owed by related parties at the end of 31 March 2024 totalled £0.027m (£0.0007m at 31 March 2023).

The outstanding amounts owed to related parties at the end of 31 March 2024 totalled £0.373m (£0.0000m at 31 March 2023).

Details of all transactions are included elsewhere in the 2023/24 accounts.

#### f) Shared Services - Lead Authority Model

Milton Keynes City Council is in a shared back office operation consisting of four partners – Milton Keynes City Council (MKCC), West Northants Council (WNC), North Northants Council (NNC) and Cambridgeshire County Council (CCC).

Milton Keynes City Council are also in a shared service arrangement with Horsham District Council for the provision of revenues and benefits service.

The Lead Authority models are governed by a Lead Authority Board with the financial transactions of each Council included in the respective Council's statutory accounts.

#### g) Council Owned Companies

The Council owns the Milton Keynes Development Partnership (MKDP) LLP with DevelopMK Ltd which was formed in December 2021 as a part owner of Milton Keynes Development Partnership.

The Council also has an interest in the Flexible Home Improvement Loans Ltd – the company is a private company limited by guarantees with Milton Keynes City Council being one of 13 members.

Further details of these bodies can be found in the Group Accounts note.

#### h) Public Health service

The shared Public Health service operates with three partners – Milton Keynes City Council (MKCC), Bedford Borough Council (BBC) and Central Bedfordshire Council (CBC). The shared service commenced in September 2017 and provides a joint collaborative service to deliver Public Health services between the three Unitary Authorities. Public Health professionals support people to live healthy lifestyles and make healthy choices by either directly commissioning services, informing commissioning decisions of partner or through directly providing services.

The Parties adhere to the twelve attributes of good governance for shared services as developed by CIPFA and the on-going supervision of operations is the responsibility of the SLA Management Group. Each SLA Management meeting is chaired by one of the Council's representatives and includes representatives from each Public Health Service specification. Key Performance Indicators and targets are applied to monitor the service delivery.

The total cost of services and staffing is split as agreed by the three authorities:

	<b>BBC</b>	<b>CBC</b>	<b>MKCC</b>
<b>BBC/CBC/MKCC Costs</b>	26.9%	37.9%	35.2%

## Note 36 – Defined Benefit Pension Scheme

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Buckinghamshire County Council (LGPS) is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of Buckinghamshire County Council. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the committee. The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. largescale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

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

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

### The amounts recognised in the Comprehensive Income and Expenditure Statement and Movement in Reserves

2022/23		General Fund Transactions	2023/24	
LGPS	Total		LGPS	Total
£'000	£'000		£'000	£'000
<b>Comprehensive Income and Expenditure Statement</b>				
<b>Cost of Services</b>				
		<b>Service cost comprising:</b>		
30,579	30,579	Current service cost	19,295	19,295
237	237	Past service cost	43	43
(184)	(184)	(Gain) / loss from settlements and / or transfers	(393)	(393)
741	741	Administration expenses	806	806
		<b>Other Operating Expenditure:</b>		
(1,359)	(1,359)	Net interest expense	(1,461)	(1,461)
<b>30,014</b>	<b>30,014</b>	<b>Total charged to Surplus and Deficit on Provision of Services</b>	<b>18,290</b>	<b>18,290</b>



2022/23		Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement	2023/24	
LGPS £'000	Total £'000		LGPS £'000	Total £'000
(83,568)	(83,568)	Return on plan assets (excluding the amount included in the net interest expense)	42,833	42,833
0	0	Actuarial gains and losses arising on changes in demographic assumptions	10,804	10,804
534,809	534,809	Actuarial gains and losses arising on changes in financial assumptions	19,669	19,669
(104,783)	(104,783)	Experience gain/ (loss) on defined benefit obligation	(3,096)	(3,096)
0	0	Changes in effect of asset ceiling	(49,596)	(49,596)
<b>346,458</b>	<b>346,458</b>	<b>Total charged to Other Comprehensive Income and Expenditure Statement</b>	<b>20,614</b>	<b>20,614</b>
<b>(316,444)</b>	<b>(316,444)</b>	<b>Total charged to the Comprehensive Income and Expenditure Statement</b>	<b>(2,324)</b>	<b>(2,324)</b>

2022/23		Movement in Reserves Statement	2023/24	
LGPS £'000	Total £'000		LGPS £'000	Total £'000
(30,014)	(30,014)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services	(18,290)	(18,290)
<b>24,025</b>	<b>24,025</b>	<b>Employers' contributions payable to scheme</b>	<b>24,751</b>	<b>24,751</b>

## Pensions Assets and Liabilities Recognised in the Balance Sheet

2022/23			2023/24	
LGPS £'000	Total £'000		LGPS £'000	Total £'000
(827,433)	(827,433)	Present value of the defined obligation	(838,214)	(838,214)
794,184	794,184	Fair value of plan assets	881,636	881,636
(33,249)	(33,249)	Value of Assets / (Liabilities)	43,422	43,422
0	0	Impact of asset ceiling	(49,596)	(49,596)
<b>(33,249)</b>	<b>(33,249)</b>	<b>Net (liability) / asset arising from the defined benefit obligation</b>	<b>(6,174)</b>	<b>(6,174)</b>

## Movement in the Value of Scheme Assets

2022/23			2023/24	
LGPS £'000	Total £'000		LGPS £'000	Total £'000
<b>840,315</b>	<b>840,315</b>	<b>Opening fair value of scheme assets</b>	<b>794,184</b>	<b>794,184</b>
33,859	33,859	Interest income	41,148	41,148
(83,568)	(83,568)	The return on plan assets, excluding the amount included in the net interest expense	42,833	42,833
24,025	24,025	Contributions from employer	24,751	24,751
7,194	7,194	Contributions from employees into the scheme	7,518	7,518
0	0	Other actuarial gains/(losses)	0	0
(25,362)	(25,362)	Benefits / transfers paid	(29,091)	(29,091)
(741)	(741)	Administration expenses	(806)	(806)
(1,538)	(1,538)	Assets Extinguished on Settlement	1,099	1,099
<b>794,184</b>	<b>794,184</b>	<b>Closing value of scheme assets</b>	<b>881,636</b>	<b>881,636</b>

## Movements in the Fair Value of Scheme Liabilities

2022/23			2023/24	
LGPS	Total		LGPS	Total
£'000	£'000		£'000	£'000
<b>(1,214,033)</b>	<b>(1,214,033)</b>	<b>Opening balance at 1 April</b>	<b>(827,433)</b>	<b>(827,433)</b>
(30,579)	(30,579)	Current service cost	(19,295)	(19,295)
(32,500)	(32,500)	Interest cost	(39,687)	(39,687)
(7,194)	(7,194)	Contributions from scheme participants	(7,518)	(7,518)
0	0	- Actuarial gains / (losses) from changes in demographic assumptions	10,804	10,804
534,809	534,809	- Actuarial gains / (losses) from changes in financial assumptions	19,669	19,669
(237)	(237)	Past service cost	(43)	(43)
0	0	Liabilities assumed on entity combinations	0	0
(104,783)	(104,783)	Experience loss/(gain) on defined benefit obligation	(3,096)	(3,096)
25,362	25,362	Benefits / transfers paid	29,091	29,091
1,722	1,722	Liabilities extinguished on settlements	(706)	(706)
<b>(827,433)</b>	<b>(827,433)</b>	<b>Balance as at 31 March</b>	<b>(838,214)</b>	<b>(838,214)</b>

### The significant assumptions used by the actuary have been:

2022/23	LGPS	2023/24
Long term expected rate of return on assets		
8%	Gilts	10%
56%	Equities	52%
11%	Other Bonds	12%
5%	Property	5%
2%	Cash	1%
7%	Alternative Assets	8%
0%	Hedge Funds	0%
0%	Absolute Return Portfolio	0%
9%	Multi assets	9%
2%	Private debt	3%
Mortality assumptions		
Longevity at retirement for current pensioners		
21.1	Men	20.8
24.6	Women	24.3
Longevity at retirement for future pensioners		
22.3	Men	22.0
26.0	Women	25.7
Other assumptions		
3.85%	Rate of increase in salaries	3.85%
2.85%	Rate of increase in pensions	2.85%
4.80%	Rate for discounting scheme liabilities	4.95%
3.20%	Rate for RPI Inflation	3.15%

## The Asset breakdown percentages are:

2022/23			2023/24	
Quoted	Unquoted		Quoted	Unquoted
		Fixed Interest Government Securities - UK		
8.0%	0.0%	Index Linked Government Securities - UK	9.5%	0.0%
		Corporate Bonds		
11.0%	0.0%	UK	11.8%	0.0%
0.0%	0.0%	Overseas	0.0%	0.0%
		Equity		
0.0%	0.0%	UK	0.0%	0.0%
51.0%	0.0%	Overseas	46.5%	0.0%
0.0%	5.0%	Property	0.0%	5.3%
		Others		
0.0%	0.0%	Absolute return portfolio	0.0%	0.0%
0.0%	0.0%	Hedge Fund	0.0%	0.0%
9.0%	0.0%	Multi Asset / Diversified Income	9.4%	0.0%
0.0%	5.0%	Private Equity	0.0%	5.0%
0.0%	7.0%	Infrastructure	0.0%	8.1%
0.0%	2.0%	Private Debt	0.0%	3.0%
0.0%	2.0%	Cash/Temporary Investments	0.0%	1.4%
		Net Current Assets		
0.0%	0.0%	Debtors	0.0%	0.0%
<b>79.0%</b>	<b>21.0%</b>	<b>Total</b>	<b>77.2%</b>	<b>22.8%</b>

## Impact of assumptions on the obligation:

Increase in assumption	LGPS	Decrease in assumption
£'000	Assumption	£'000
30,576	Longevity (increase or decrease in 1 year)	(29,413)
674	Rate of increase in salaries (increase or decrease in 0.1%)	(669)
13,573	Rate of increase in pensions (increase or decrease in 0.1%)	(13,230)
(13,611)	Rate for discounting scheme liabilities (increase or decrease in 0.1%)	13,972

## Expected Contributions to the Plan

A valuation was carried out by Barnett Waddingham on the Buckinghamshire County Council Pension Fund (the Fund) as at 31 March 2024. Based on the actuarial valuation of 31 March 2022.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The latest actuarial valuation was undertaken at 31 March 2022 and the next actuarial valuation of the Fund will be carried out as at 31 March 2025 and will set contributions for the period from 1 April 2026 to 31 March 2029. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

## Pension Schemes Associated Risks

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

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

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

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

The Council and the Pension Fund are aware of the 'Virgin Media Ltd v NTL Pension Trustees II Ltd (and others)' Court case. The case specifically affects defined benefit schemes that provided contracted-out benefits before 6 April 2016 based on meeting the reference scheme test. Where scheme rules were amended, potentially impacting benefits accrued from 6 April 1997 to 5 April 2016, schemes needed the actuary to confirm that the reference scheme test was still being met by providing written confirmation under Section 37 of the Pension Schemes Act 1993. In the Virgin Media case the judge ruled that alterations to the scheme rules were void and ineffective because of the absence of written actuarial confirmation required under Section 37 of the Pension Schemes Act 1993. The case was taken to The Court of Appeal in June 2024 and the Court of Appeal dismissed the appeal on 25 July 2024. As a result, there may be a further liability to the Pension Fund for Local Government Pension Scheme benefits that were reduced by previous amendments, if those amendments prove invalid (i.e. were made without obtaining s37 confirmation). It is not possible at present to estimate the potential impact, if any, on the Local Government Pension Scheme or the Fund and consequently on the defined benefit obligation in the financial statements.

## Pension Schemes Accounted for as Defined Contribution Schemes

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

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

In 2023/24, the Council paid £16.779m (£15.981m in 2022/23) to Teachers Pensions in respect of teachers' retirement benefits. There was no contribution remaining payable at the year end.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis.

## Other Pensions

On 1 April 2013 the statutory responsibility for Public Health activities transferred to the Council from the NHS Primary Care Trusts. There were 14 members of staff who transferred along with their pensions in the NHS Pensions Scheme to the Council, of which 1 member remains. This scheme is not available to other current Milton Keynes City Council staff. The pension contributions are included within the Comprehensive Income and Expenditure Statement, but full disclosure is not considered to be material for inclusion in this note.

## Supplementary Financial Statements

### Collection Fund

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

2022/23				2023/24		
Business Rates	Council Tax	Total	Collection Fund	Business Rates	Council Tax	Total
£'000	£'000	£'000		£'000	£'000	£'000
<b>INCOME:</b>						
0	(182,764)	(182,764)	Council Tax Receivable	0	(197,436)	(197,436)
(177,857)	0	(177,857)	Business Rates Receivable	(189,312)	0	(189,312)
<b>(177,857)</b>	<b>(182,764)</b>	<b>(360,621)</b>	<b>Total amounts to be credited</b>	<b>(189,312)</b>	<b>(197,436)</b>	<b>(386,748)</b>
<b>EXPENDITURE:</b>						
<b>Apportionment of Previous Year Surplus/Deficit:</b>						
(25,406)	0	(25,406)	Central Government	82,488	0	82,488
(24,898)	6,890	(18,008)	Billing Authority	80,838	4,346	85,184
(508)	293	(215)	Fire Authority	1,650	190	1,840
0	1,000	1,000	Police Authority	0	647	647
<b>Precepts, demands and shares:</b>						
66,853	0	66,853	Central Government	104,327	0	104,327
65,516	147,261	212,777	Billing Authority	102,240	161,328	263,568
1,337	6,521	7,858	Fire Authority	2,087	7,268	9,355
0	21,803	21,803	Police Authority	0	24,140	24,140
<b>Charges to Collection Fund:</b>						
1,169	1,489	2,658	Write-offs of uncollectable amounts	1,064	1,400	2,464
90	(17)	73	Increase/(decrease) in allowance for impairment	(640)	374	(266)
(16,200)	0	(16,200)	Increase/(decrease) in allowance for appeals	(1,151)	0	(1,151)
411	0	411	Charge to General Fund for allowable collection costs for non-domestic rates	424	0	424
101	0	101	Disregarded amounts	(17,625)	0	(17,625)
			Interest	74	0	74
<b>68,465</b>	<b>185,240</b>	<b>253,705</b>	<b>Total amounts to be debited</b>	<b>355,776</b>	<b>199,693</b>	<b>555,469</b>
<b>(109,392)</b>	<b>2,476</b>	<b>(106,916)</b>	<b>(Surplus)/Deficit arising during the year</b>	<b>166,464</b>	<b>2,257</b>	<b>168,721</b>
<b>(57,790)</b>	<b>(10,859)</b>	<b>(68,649)</b>	<b>(Surplus)/Deficit b/f at 1 April 2023</b>	<b>(167,182)</b>	<b>(8,383)</b>	<b>(175,565)</b>
<b>(167,182)</b>	<b>(8,383)</b>	<b>(175,565)</b>	<b>(Surplus)/Deficit c/f at 31 March 2024</b>	<b>(718)</b>	<b>(6,126)</b>	<b>(6,844)</b>

## Tax Base, Rateable Value and Write offs

The Council Tax base for 2023/24, i.e. the number of chargeable dwellings in each band (adjusted for dwellings where discounts apply) converted to an equivalent number of Band D dwellings, was calculated as follows:

Estimated No. of Taxable Properties after discounts/exemptions	Ratio to Band D	Band D Equivalent
A-	5/9	11.54
A	6/9	9,706.16
B	7/9	23,298.12
C	8/9	24,822.87
D	9/9	14,733.75
E	11/9	14,571.68
F	13/9	9,408.40
G	15/9	5,059.59
H	18/9	286.50
		101,898.61
Anticipated changes during the year		1,820.00
Provision for non-collection		(1,240.69)
		102,477.92
Impact of Council Tax Reductions		(8,281.70)
<b>Council Tax Base</b>		<b>94,196.22</b>

## Collection Fund Balance Apportionment

2022/23 Total £'000		2023/24 Council Tax £'000	2023/24 NDR £'000	2023/24 Total £'000
(88,940)	Milton Keynes City Council	(5,130)	(352)	(5,482)
(83,591)	Central Government	0	(359)	(359)
(1,048)	Thames Valley Police Authority	(767)	0	(767)
(1,986)	Buckinghamshire and Milton Keynes Fire Authority	(229)	(7)	(236)
<b>(175,565)</b>	<b>Total</b>	<b>(6,126)</b>	<b>(718)</b>	<b>(6,844)</b>

## Precepts & Demands on Collection Fund

2022/23 Total £'000		2023/24 Council Tax Precept / Demand £'000	2023/24 NDR Precept / Demand £'000	2023/24 Total Precept / Demand £'000	Council Tax Share of 2023/24 Surplus £'000	NDR Share of 2023/24 Deficit £'000	Total Share of 2023/24 (Surplus)/ Deficit £'000	2023/24 Total £'000
123,837	Milton Keynes City Council	161,328	102,240	263,568	(5,130)	(352)	(5,482)	258,086
(16,738)	Central Government	0	104,327	104,327	0	(359)	(359)	103,968
20,755	Police & Crime Commissioner for Thames Valley	24,140	0	24,140	(767)	0	(767)	23,373
5,872	Buckinghamshire and Milton Keynes Fire Authority	7,268	2,087	9,355	(229)	(7)	(236)	9,119
<b>133,726</b>	<b>Total</b>	<b>192,736</b>	<b>208,654</b>	<b>401,390</b>	<b>(6,126)</b>	<b>(718)</b>	<b>(6,844)</b>	<b>394,546</b>

## Housing Revenue Account Income and Expenditure Statement

This statement shows the economic cost in the year of providing housing services in accordance with International Financial Reporting Standards, rather than the amount to be funded from rents and government grants. The Council charges rent to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rent is raised, is shown in the Movement on the Housing Revenue Account Statement.

2022/23		2023/24
£'000		£'000
	<b>Expenditure</b>	
14,092	Repairs & Maintenance	14,994
14,543	Supervision & Management	13,197
2,962	Rents, Rates, Taxes and other charges	3,203
12,152	Depreciation, impairments and revaluation losses of non-current assets	24,639
312	Debt Management Costs	319
0	Movement in the allowance for bad debts	0
<b>44,061</b>	<b>Total Expenditure</b>	<b>56,352</b>
	<b>Income</b>	
(55,758)	Dwelling rents	(59,782)
(155)	Non-dwelling rents	(165)
(3,579)	Charges for services and facilities	(5,647)
(687)	Contributions towards Expenditure	(14,608)
<b>(60,179)</b>	<b>Total Income</b>	<b>(80,202)</b>
<b>(16,118)</b>	<b>Net Expenditure or Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement</b>	<b>(23,850)</b>
313	HRA Services Share of Corporate & Democratic Core	313
<b>(15,805)</b>	<b>Net Expenditure of HRA Services</b>	<b>(23,537)</b>
6,982	(Gains)/loss on sale of HRA Fixed Assets	2,462
10,632	Interest Payable and Similar Charges	10,196
(1,582)	HRA Interest and Investment Income	(4,156)
(35)	Net interest on the defined benefit liability/asset	(38)
<b>192</b>	<b>(Surplus) or Deficit for Year on HRA Services</b>	<b>(15,073)</b>



## Movement on the HRA Statement

This statement illustrates how the Housing Revenue Account Income and Expenditure Statement surplus or deficit for the year reconciles to the movement on the Housing Revenue Account balance for the year. This note details the adjustments that are made the Housing Revenue Account 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 capital and revenue expenditure.

2022/23 £'000	Movement on the HRA Statement	2023/24 £'000
(7,259)	Balance on the HRA at the end of the previous year	(7,380)
192	(Surplus) or Deficit on the HRA Income and Expenditure Statement	(15,073)
18,070	Adjustments between accounting basis and funding basis under statute	22,095
<b>18,262</b>	<b>Net (increase) or decrease before transfers to or from reserves</b>	<b>7,022</b>
(18,383)	Transfer to/(from) reserves	(7,501)
(121)	(Increase) or decrease on the HRA for the year	(479)
<b>(7,380)</b>	<b>Balance on the HRA at the end of the current year</b>	<b>(7,859)</b>

2022/23 £'000	Adjustment between accounting basis	2023/24 £'000
0	Difference between interest payable and similar charges including amortisation of premiums and discounts determined in accordance with the Code and those determined in accordance with statute	0
(13,649)	Transfers to/(from) the Capital Adjustment Account	(21,461)
(6,982)	Gain or (loss) on sale of non-current assets	(2,462)
(153)	Contributions to or (from) the Pension Reserve	169
2	Transfers to/(from) the Accumulated Absences Account	(15)
16,411	Transfers to/(from) Major Repairs Reserve	16,617
21,754	Capital expenditure funded by the HRA	14,639
687	Transfers to/(from) Capital Grants Unapplied	14,608
<b>18,070</b>	<b>Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year</b>	<b>22,095</b>

2022/23 £'000	Transfer to/from Reserves	2023/24 £'000
3,371	Transfers to earmarked reserves	7,138
(21,754)	Transfers from earmarked reserves	(14,639)
<b>(18,383)</b>	<b>Total Transfers</b>	<b>(7,501)</b>

The Reserves held at 31 March 2024 are included in Note 10 to the accounts.

## Notes to the HRA Account

### Housing Stock

At 1 April 2023, the Council's HRA housing stock was 11,876. During 2023/24 the following stock movements happened; 43 properties were sold to tenants (includes 4 part-sales of shared ownership dwellings), 1 property was demolished, 4 properties were sold on the open market. 1 property was converted to residential use, 5 dwelling were acquired from leaseholders, 2 dwellings were built by the Council, 70 modular housing acquired and 10 houses were acquired for the refugee scheme.

Therefore as at 31 March 2024 the Council HRA was responsible for managing a housing stock of 11,916 dwellings of which 934 is the Council's portion of shared ownership dwellings.

The analysis of the remaining 10,982 dwellings is as shown below:

Main Rented Stock	Houses	Flats	Total	Houses Built	No. of Houses
1 Bedroom	1,466	2,178	3,644	Pre 1919	41
2 Bedrooms	1,786	846	2,632	1919 - 1944	319
3 or more Bedrooms	4,535	171	4,706	1945 - 1964	1,433
			0	Post 1964	5,994
<b>Total</b>	<b>7,787</b>	<b>3,195</b>	<b>10,982</b>		<b>7,787</b>

### Capital Expenditure

2022/23		2023/24
£'000		£'000
	<b>Capital Spending:</b>	
43,653	Dwellings	51,841
794	Other HRA Assets	137
1,866	Revenue expenditure funded from capital under statute	563
<b>46,313</b>	<b>Total Capital Expenditure</b>	<b>52,541</b>
	<b>Funded By:</b>	
(1,191)	Usable Capital Receipts	(7,855)
(6,271)	Prudential Borrowing	1,178
(16,411)	Major Repairs Allowance	(16,617)
(671)	Government Grant	(14,410)
(15)	Third Party Contributions	(198)
(21,754)	Revenue Contributions	(14,639)
<b>(46,313)</b>	<b>Total Capital Financing</b>	<b>(52,541)</b>

## Capital Receipts

2022/23			2023/24	
£'000			£'000	
		<b>Sale of Dwellings*:</b>		
7,726		Council Houses		5,888
405		Shared Ownership		332
0		Land		
24		Recovered Discount		43
863		Non Right to Buy Receipts		1,225
<b>9,018</b>		<b>HRA Receipts in Year</b>		<b>7,488</b>
0		Less: Statutory Pooling		(284)
<b>9,018</b>		<b>Total HRA Usable Receipts in year</b>		<b>7,204</b>

\* Sales of dwellings are shown net of administrative costs.

## Rent Arrears

The total rent income for the year, after allowance is made for empty properties is known as Gross Rent Income. The loss of income as a result of empty properties & garages in HRA increased by £0.545m from 2022/23 value of £1.229m to £1.774m in 2023/24. At 31 March 2024, 2.41% of the housing stock was vacant (2.44% at 31 March 2023).

Before April 2023 Tenants were charged rent for 52 weeks over a 50-week period. After consulting with tenants, from April 2023 the Council switched to charging rent for 52 weeks over a full year (52 weeks).

In April 2023, tenant rents were increased by 7.00%, and monthly shared ownership rents increased by 4.10%. Average weekly tenant rent by end of 2023/24 was £98.91. In 2022/23, the average tenant rent was £95.60 over 50 weeks (equivalent to £91.92 per week over 52 weeks).

The Housing Revenue Account shows rent income and other miscellaneous charges (for example service charges). Arrears of all charges at 31 March 2024 amounted to £7.422m (£6.327m at 31 March 2023). During the year ending 31 March 2024 arrears of £0.166m were written off as irrecoverable, of which £0.140m was in respect of rent debts and £0.026m sundry debts.

The Council has made a total provision against all housing-related debts of £1.630m. This figure includes a provision against rent arrears, in the sum of £1.516m.

## Depreciation and Impairment of Non-Current Assets

2022/23			2023/24	
Depreciation	Impairment		Depreciation	Impairment
£'000	£'000		£'000	£'000
(16,366)	(14,547)	Council Dwellings	(16,531)	(8,472)
(45)	8	Other Land and Buildings	(86)	0
0	0	Vehicles, Plant, Furniture and Equipment	0	0
<b>(16,411)</b>	<b>(14,539)</b>	<b>Total</b>	<b>(16,617)</b>	<b>(8,472)</b>

## Asset Values

The Balance Sheet values of the assets held within the Housing Revenue Account are as follows:

	31-Mar-23	01-Apr-23	31-Mar-24
	£'000	£'000	£'000
<b>Operational Assets</b>			
Council Dwellings	803,310	786,780	803,211
Other Land & Buildings	6,032	5,954	5,946
Equipment	0	0	0
<b>Non Operational Assets</b>			
Surplus Assets	277	277	253
Assets Under Construction	13,064	13,064	33,926
Assets Held for Sale	0	0	0
Investment Properties	0	0	0
<b>Total</b>	<b>822,683</b>	<b>806,075</b>	<b>843,336</b>

As at 31 March 2024, the vacant possession value of the operational Council's dwellings is estimated at £2,432.149m compared with the Balance Sheet value of £802.626m. This variance mainly reflects the economic cost to the Government of providing Council housing at less than open market rents and annual depreciation charged on brought forward balances.

The increase of £37.261m between 1 April 2023 and 31 March 2024 is due to further revaluations in the year along with additions, disposals and reclassifications.

## Pension Reserve

The transfer to the Pensions Reserve in respect of the Housing Revenue Account is £0.169m. Details of the background to, and reasons for this adjustment, may be found in note h to the Statement of Accounting Policies, and note 36 to the Financial Statements.

## Group Accounts

### Introduction

The Council has an interest in the Milton Keynes Development Partnership LLP and DevelopMK Ltd.

MKCC set up DevelopMK Ltd; the directors of this new organisation are three senior MKCC staff members. DevelopMK is part owner of MKDP alongside MKCC owning a 0.01% share of MKDP. DevelopMK traded throughout 2023/24 and received a very small dividend from the MKDP.

### DevelopMK

DevelopMK Ltd was formed in March 2020 as a part owner of Milton Keynes Development Partnership.

DevelopMK received a small dividend from Milton Keynes Development Partnership (MKDP) in 2023/24 of £1.2k which has been offset by cost of running the company.

The Council has determined that we do not consider DevelopMK to be material to consolidate in the Group Accounts for 2023/24.

### Milton Keynes Development Partnership

The Milton Keynes Development Partnership LLP (MKDP) was incorporated on 7 December 2012 and is a Limited Liability Partnership, wholly owned by Milton Keynes City Council.

MKDP was set up by the Council to facilitate Milton Keynes' continued growth and economic success by promoting the development of land assets transferred to the Council from the Homes and Communities Agency, in line with the Council's Corporate Plan and Economic Development Strategy.

The financial position of the Milton Keynes Development Partnership for the period ended 31 March 2024 was a profit of £17.756m. This includes revaluation gains of £5.464m; Gain on disposal £10.965m to be used for future capital development and a trading profit from operations of £1.327m.

Due to the materiality of MKDP, the Council has taken the view that its activity warrants full group accounts disclosures.

### Milton Keynes Housing Company Ltd (MKHC)

Milton Keynes Housing Company Ltd (MKHC) has been created as a company limited by guarantee. Its sole Member is Milton Keynes Development Partnership LLP (MKDP).

MKHC was incorporated on 26 November 2021 but the company has not started trading, a set of dormant company accounts will be submitted.

## Flexible Home Improvement Loans Ltd

The Council also has an interest in the Flexible Home Improvement Loans Ltd – the company is a private company limited by guarantees with Milton Keynes City Council being one of 13 members. The company arranges the provision of loans on behalf of the members to individuals for home improvements to enable them to stay within their own homes.

This company is not considered material to the Councils' accounts and therefore are not consolidated into the Group Accounts.

## Group Financial Statements

The Group Accounts are presented in addition to the Council's single entity financial statements and comprise:

- The Group Movement in Reserves Statement; incorporating the movement in year on all the different reserves held by the Group;
- The Group Comprehensive Income and Expenditure Statement; which summarises resources which have been applied and generated in providing services and managing the group during the last year;
- The Group Balance Sheet which sets out the assets and liabilities recognised by the Group as at 31 March 2024, and;
- Group Cash Flow Statement, which summarises the changes in cash and cash equivalents of the Council during the reporting period.

These statements, together with explanatory notes are set out in the pages that follow.

## Notes to the Group Financial Statements

The notes to support the group's financial statements have three main purposes:

- To present information about the basis of preparation of the financial statements and the specific accounting policies used;
- To disclose the information required by the International Financial Reporting Standards Code of Practice that is not presented elsewhere in the financial statements, and;
- To provide information that is not presented elsewhere in the financial statements, but is relevant to the understanding of them.

## Material Item of Income and Expense

The material income and expense included within the Group Comprehensive Income and Expenditure Statement are the same as the single entity accounts which can be found in note 9 of the Financial Statements.

## Interest in Subsidiaries

There are no interests in subsidiaries other than those reported in note 35 in the financial statements that would enable users of the authority's group accounts to evaluate the nature

and extent of significant restrictions on its ability to access or use assets, and settle liabilities, of the Group.

There are no significant restrictions on its ability to access or use the assets and settle the liabilities of the Group, such as those that restrict the ability of a parent or its subsidiaries to transfer cash or other assets to (or from) other entities within the Group.

Milton Keynes City Council is wholly liable for the assets and liabilities of both subsidiaries and would provide financial support to a consolidated entity, including events or circumstances that could expose the Authority to a loss. There are no other risks associated with these subsidiaries.

## Group Movement in Reserves Statement

2023/24	Total General Fund Balance	Total HRA Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2023</b>	(167,897)	(52,600)	(53,825)	0	(45,593)	(319,915)	(1,388,828)	(1,708,743)
<b>Movement in reserves during 2023/24</b>								
Surplus or deficit on the provision of services	(43,400)	(15,073)	0	0	0	(58,473)	0	(58,473)
Other Comprehensive Income / Expenditure	0	0	0	0	0	0	(29,791)	(29,791)
<b>Total Comprehensive Income and Expenditure</b>	<b>(43,400)</b>	<b>(15,073)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(58,473)</b>	<b>(29,791)</b>	<b>(88,264)</b>
Adjustments between accounting basis and funding basis under regulations	(50,888)	22,095	421	0	(2,323)	(30,695)	30,695	0
<b>Increase or Decrease in 2023/24</b>	<b>(94,288)</b>	<b>7,022</b>	<b>421</b>	<b>0</b>	<b>(2,323)</b>	<b>(89,168)</b>	<b>904</b>	<b>(88,264)</b>
<b>Balance at 31 March 2024</b>	<b>(262,185)</b>	<b>(45,578)</b>	<b>(53,404)</b>	<b>0</b>	<b>(47,916)</b>	<b>(409,083)</b>	<b>(1,387,924)</b>	<b>(1,797,007)</b>

2022/23	Total General Fund Balance	Total HRA Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2022</b>	(200,755)	(70,862)	(30,366)	0	(39,770)	(341,753)	(987,717)	(1,329,470)
<b>Movement in reserves during 2022/23</b>								
Surplus or deficit on the provision of services	(2,142)	192	0	0	0	(1,950)	0	(1,950)
Other Comprehensive Income / Expenditure	0	0	0	0	0	0	(377,323)	(377,323)
<b>Total Comprehensive Income and Expenditure</b>	<b>(2,142)</b>	<b>192</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,950)</b>	<b>(377,323)</b>	<b>(379,273)</b>
Adjustments between accounting basis and funding basis under regulations	35,000	18,070	(23,459)	0	(5,823)	23,788	(23,788)	0
<b>Increase or Decrease in 2022/23</b>	<b>32,858</b>	<b>18,262</b>	<b>(23,459)</b>	<b>0</b>	<b>(5,823)</b>	<b>21,838</b>	<b>(401,111)</b>	<b>(379,273)</b>
<b>Balance at 31 March 2023</b>	<b>(167,897)</b>	<b>(52,600)</b>	<b>(53,825)</b>	<b>0</b>	<b>(45,593)</b>	<b>(319,915)</b>	<b>(1,388,828)</b>	<b>(1,708,743)</b>



## Group Comprehensive Income and Expenditure Statement

2022/23			2023/24			
Expenditure £'000	Income £'000	Net £'000		Expenditure £'000	Income £'000	Net £'000
150,132	(60,659)	89,473	Adult Social Care and Health	175,432	(74,193)	101,239
13,089	(13,625)	(536)	Public Health	15,296	(14,935)	361
259,073	(193,995)	65,078	Children and Families	273,637	(216,566)	57,071
13,517	(6,336)	7,181	Customer & Community	15,997	(8,737)	7,260
44,362	(59,462)	(15,100)	Housing Revenue Account	56,665	(65,595)	(8,930)
8,505	(7,582)	923	Growth, Economy and Culture	10,689	(10,296)	393
86,605	(24,887)	61,718	Environment & Property	144,716	(25,504)	119,212
71,984	(66,303)	5,681	Finance & Resources	73,121	(67,186)	5,935
1,523	(1,992)	(469)	Resources delegated to LGSS	1,573	(1,711)	(138)
5,825	822	6,647	Law & Governance	3,675	(382)	3,293
2,635	(5,101)	(2,466)	Corporate Items	1,152	(130)	1,022
<b>657,250</b>	<b>(439,120)</b>	<b>218,130</b>	<b>Cost of Services</b>	<b>771,953</b>	<b>(485,235)</b>	<b>286,718</b>
		55,979	Other Operating Expenditure			30,113
		2,561	Financing and Investment Income and Expenditure			(12,602)
		(278,620)	Taxation and Non Specific Grant Income			(362,702)
		<b>(1,950)</b>	<b>Surplus or Deficit on Provision of Services</b>			<b>(58,473)</b>
		(37,175)	Surplus or deficit on revaluation of Property, Plant and Equipment			(16,117)
		7,551	Impairment losses on non-current assets charged to the Revaluation Reserve			7,146
		0	Surplus or deficit on revaluation of available for sale financial assets and financial instruments at fair value through other comprehensive income and expenditure			0
		(347,699)	Remeasurement of the net defined benefit liability / asset			(20,820)
		<b>(377,323)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(29,791)</b>
		<b>(379,273)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(88,264)</b>

## Group Balance Sheet

2022/23 Restated*	Note		2023/24
£'000			£'000
1,533,525		Property, Plant and Equipment	1,604,293
254,780		Infrastructure Assets	267,831
830		Heritage Assets	826
202,966		Investment Property	185,823
1,147		Intangible Assets	726
14,279		Long Term Investments	13,722
11,111		Long Term Debtors	3,372
<b>2,018,638</b>		<b>Long Term Assets</b>	<b>2,076,593</b>
213,212		Short-term Investments	243,483
56,370		Assets Held for Sale	59,559
71		Inventories	174
116,843	G3	Short Term Debtors	92,756
230,446		Cash and Cash Equivalents	106,267
<b>616,942</b>		<b>Current Assets</b>	<b>502,239</b>
(23,085)		Short-Term Borrowing	(15,879)
(233,078)	G4	Short-Term Creditors	(119,783)
(6,531)		Provisions	(6,254)
(83,566)		Grants Receipts in Advance - Revenue	(80,058)
(12,155)		Grants Receipts in Advance - Capital	(12,677)
<b>(358,415)</b>		<b>Current Liabilities</b>	<b>(234,651)</b>
(7,350)	G5	Provisions	(6,786)
(417,328)		Long Term Borrowing	(403,990)
(33,433)		Other Long-Term Liabilities	(6,152)
(101,089)		Grants Receipts in Advance - Revenue	(121,246)
(9,222)		Grants Receipts in Advance - Capital	(9,000)
<b>(568,422)</b>		<b>Long Term Liabilities</b>	<b>(547,174)</b>
<b>1,708,743</b>		<b>Net Assets</b>	<b>1,797,007</b>
(319,915)	G6	Usable Reserves	(409,083)
(1,388,828)	G6	Unusable Reserves	(1,387,924)
<b>(1,708,743)</b>		<b>Total Reserves</b>	<b>(1,797,007)</b>

\* In the 2022/23 MKCC Accounts £1.632m of debtors was classified as creditors in error, therefore the 2022/23 Short Term Debtors & Creditors balances have been restated.

## Group Cash Flow Statement

Group 2022/23 £'000			Group 2023/24 £'000
(1,950)		Net (surplus) or deficit on the provision of services	(58,473)
(156,364)	G7.1	Adjustment to surplus or deficit on the provision of services for noncash movements	13,681
77,495	G7.1	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	129,542
<b>(80,819)</b>		<b>Net cash flows from operating activities</b>	<b>84,750</b>
103,379	G7.2	Net cash flows from investing activities	7,415
11,543	G7.3	Net cash flows from financing activities	32,014
<b>34,103</b>		<b>Net (increase) or decrease in cash and cash equivalents</b>	<b>124,179</b>
264,549		Cash and cash equivalents at the beginning of the reporting period	230,446
<b>230,446</b>		<b>Cash and cash equivalents at the end of the reporting period</b>	<b>106,267</b>

### G1 – Accounting Policies

In preparing the Group Accounts, the Council has:

- Aligned the accounting policies of the subsidiaries with those of the Council and made consolidation adjustments where necessary;
- Consolidated the financial statements of the subsidiaries with those of the Council on a line by line basis;
- Eliminated in full balances, transactions, income and expenses between the Council and the partnerships.

### G2 – Summary of Subsidiaries Transactions included in the Group Balance Sheet

The Group Balance Sheet contains transactions for both Milton Keynes City Council and Milton Keynes Development Partnership. Each organisation is shown prior to the elimination of intra-group transactions (the transactions that took place between the subsidiaries and the Council):

Group Total Restated*		Milton Keynes City Council	Milton Keynes Development Partnership	Intra-Company Transactions	Group Total
2022/23 £'000		2023/24 £'000	2023/24 £'000	2023/24 £'000	2023/24 £'000
2,018,638	Long Term Assets	1,975,608	105,550	(4,565)	2,076,593
213,212	Short Term Investments	249,323	0	(5,840)	243,483
56,370	Assets held for sale	9,406	50,153	0	59,559
71	Inventories	174	0	0	174
116,843	Short Term Debtors	92,201	2,862	(2,307)	92,756
230,446	Cash and Cash Equivalents	101,620	4,647	0	106,267
(23,085)	Short Term Borrowing	(15,879)	0	0	(15,879)
(233,078)	Short Term Creditors	(117,956)	(8,088)	6,261	(119,783)
(6,531)	Short Term Provisions	(6,254)	0	0	(6,254)
(95,721)	Short Term Grants & Contributions Receipts in Advance	(92,735)	0	0	(92,735)
(7,350)	Long Term Provisions	(6,786)	0	0	(6,786)
(417,328)	Long Term Borrowing	(403,990)	0	0	(403,990)
0	Long Term Borrowing	(3,988)	0	3,988	0
(33,433)	Other Long-Term Liabilities	(6,174)	22	0	(6,152)
(110,311)	Long Term Grants & Contributions Receipts in Advance	(130,246)	0	0	(130,246)
<b>1,708,743</b>	<b>Net Assets</b>	<b>1,644,324</b>	<b>155,146</b>	<b>(2,463)</b>	<b>1,797,007</b>

\* In the 2022/23 MKCC Accounts £1.632m of debtors was classified as creditors in error, therefore the 2022/23 Short Term Debtors & Creditors balances have been restated.

### G3 – Investment Properties

The movement in the fair value of investment properties during 2023/24 comprised of:

Group Total		Milton Keynes City Council	Milton Keynes Development Partnership	Intra-Company Transactions	Group Total
2022/23 £'000		2023/24 £'000	2023/24 £'000	2023/24 £'000	2023/24 £'000
177,447	Balance at start of year	109,052	95,584	(1,670)	202,966
	Additions:				
2,610	- Purchases	0	0	0	0
2,054	- Subsequent Expenditure	872	59	0	931
(7,459)	Disposals	(24)	0	0	(24)
7,733	Net Gain/(losses) from fair value adjustment	(8,668)	3,125	(2,895)	(8,438)
	Transfers (to)/from:				
0	- Property Plant and Equipment	0	0	0	0
20,581	- Assets Held For Sale	0	(9,612)	0	(9,612)
<b>202,966</b>	<b>Balance Outstanding year end</b>	<b>101,232</b>	<b>89,156</b>	<b>(4,565)</b>	<b>185,823</b>

See Note 23 Investment Properties for the Milton Keynes City Council details.

In 2023/24, the Milton Keynes Development Partnership transferred assets to Assets Held for Sale, the most significant being the Science & Tech Park, Site 2, Simpson Road, Walton Manor.

## G4 – Debtors

Group Total Restated*		Milton Keynes City Council	Milton Keynes Development Partnership	Intra-Company Transactions	Group Total
2022/23		2023/24	2023/24	2023/24	2023/24
£'000		£'000	£'000	£'000	£'000
24,069	Trade Receivables	25,571	2,302	0	27,873
112,892	Other Receivable Amounts	86,428	4,330	(2,307)	88,451
(20,118)	Provision for Bad Debts	(19,798)	(329)	0	(20,127)
<b>116,843</b>	<b>Total Short Term Debtors</b>	<b>92,201</b>	<b>6,303</b>	<b>(2,307)</b>	<b>96,197</b>

\* In the 2022/23 MKCC Accounts £1.632m of debtors was classified as creditors in error, therefore the 2022/23 Short Term Debtors & Creditors balances have been restated.

## G5 – Creditors

Group Total Restated*		Milton Keynes City Council	Milton Keynes Development Partnership	Intra-Company Transactions	Group Total
2022/23		2023/24	2023/24	2023/24	2023/24
£'000		£'000	£'000	£'000	£'000
(50,433)	Trade payables	(2,537)	(4,334)	0	(6,871)
(182,645)	Other payables	(115,419)	(7,195)	6,261	(116,353)
<b>(233,078)</b>	<b>Total Short Term Creditors</b>	<b>(117,956)</b>	<b>(11,529)</b>	<b>6,261</b>	<b>(123,224)</b>

\* In the 2022/23 MKCC Accounts £1.632m of debtors was classified as creditors in error, therefore the 2022/23 Short Term Debtors & Creditors balances have been restated.

## G6 – Provisions

There are no provisions to disclose within the Milton Keynes Development Partnership.

## G7 – Reserves

The reserves held by the Milton Keynes City Council and Milton Keynes Development Partnership at 31 March 2024 are detailed below:

Group Total Restated*		Milton Keynes City Council	Milton Keynes Development Partnership	Group Total
2022/23		2023/24	2023/24	2023/24
£'000		£'000	£'000	£'000
(271,911)	Milton Keynes City Council's Usable Reserves	(350,689)	0	(350,689)
(48,004)	LLP Retained Earnings	0	(58,394)	(58,394)
<b>(319,915)</b>	<b>Total Usable Reserves</b>	<b>(350,689)</b>	<b>(58,394)</b>	<b>(409,083)</b>
(1,297,299)	Milton Keynes City Council's Unusable Reserves	(1,293,635)	0	(1,293,635)
(91,529)	LLP Non-Distributed Reserves	0	(94,289)	(94,289)
<b>(1,388,828)</b>	<b>Total Unusable Reserves</b>	<b>(1,293,635)</b>	<b>(94,289)</b>	<b>(1,387,924)</b>
<b>(1,708,743)</b>	<b>Total Reserves</b>	<b>(1,644,324)</b>	<b>(152,683)</b>	<b>(1,797,007)</b>

## G8.1 – Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

2022/23			2023/24	
Milton Keynes City Council	Group		Milton Keynes City Council	Group
£'000	£'000		£'000	£'000
(15,532)	(15,532)	Interest received	(27,694)	(27,694)
21,224	21,224	Interest paid	21,236	21,236
<b>5,692</b>	<b>5,692</b>	<b>Total</b>	<b>(6,458)</b>	<b>(6,458)</b>

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

2022/23 Restated *			2023/24	
Milton Keynes City Council	Group		Milton Keynes City Council	Group
£'000	£'000		£'000	£'000
(14,463)	(32,774)	Depreciation	(66,653)	(53,135)
(173)	(173)	Amortisation	(173)	(173)
2,071	2,071	(Increase)/decrease in impairment for bad debts	2,071	2,595
(73,780)	(96,446)	(Increase)/decrease in creditors	109,344	107,160
34,439	54,896	Increase/(decrease) in debtors	(20,736)	(18,905)
(18)	896	Increase/(decrease) in inventories	103	103
(5,989)	(6,206)	Movement in pension liability	6,461	6,463
(75,174)	(75,174)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(26,275)	(30,070)
(2,819)	(3,454)	Other non-cash movements charged to the surplus or deficit on provision of services	(841)	(357)
<b>(135,906)</b>	<b>(156,364)</b>	<b>Total</b>	<b>3,301</b>	<b>13,681</b>

\* In the 2022/23 MKCC Accounts £1.632m of debtors was classified as creditors in error, therefore the 2022/23 Debtors & Creditors adjustments have been restated.

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

2022/23			2023/24	
Milton Keynes City Council	Group		Milton Keynes City Council	Group
£'000	£'000		£'000	£'000
29,887	29,887	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	8,266	12,061
47,608	47,608	Any other items for which the cash effects are investing or financing cash flows	117,481	117,481
<b>77,495</b>	<b>77,495</b>	<b>Total</b>	<b>125,747</b>	<b>129,542</b>

## G8.2 – Cash Flow from Investing Activities

2022/23			2023/24	
Milton Keynes City Council	Group		Milton Keynes City Council	Group
£'000	£'000		£'000	£'000
108,518	113,347	Purchase of property, plant and equipment, investment property and intangible assets	122,002	122,245
2,346,746	2,346,746	Purchase of short-term and long-term investments	1,438,786	1,438,786
0	0	Other payments from investing activities	0	0
(28,731)	(33,013)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(27,561)	(31,356)
(2,273,747)	(2,273,747)	Proceeds from short-term and long-term investments	(1,413,535)	(1,413,535)
(49,954)	(49,954)	Other receipts from investing activities	(108,725)	(108,725)
<b>102,832</b>	<b>103,379</b>	<b>Net cash flows from investing activities</b>	<b>10,967</b>	<b>7,415</b>

## G8.3 – Cash Flow from Financing Activities

2022/23			2023/24	
Milton Keynes City Council	Group		Milton Keynes City Council	Group
£'000	£'000		£'000	£'000
(22,517)	(22,517)	Other receipts from financing activities	9,865	9,865
10,096	32,096	Repayments of short-term and long-term borrowing	21,215	23,465
(1,158)	1,964	Other payments for financing activities	(767)	(1,316)
<b>(13,579)</b>	<b>11,543</b>	<b>Net cash flows from financing activities</b>	<b>30,313</b>	<b>32,014</b>

## Glossary

### AAA Fitch Rating

Highest credit quality - 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

### AA Fitch Rating

Very high credit quality - 'AA' ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

### A Fitch Rating

High credit quality - 'A' ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

### Accounting Period

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

### Accruals

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

### Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed.

### Asset

An item having value to the authority in monetary terms. Assets are categorised as either current or non-current

- A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock);



- A non-current asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g. a community centre, or intangible, e.g. computer software licences.

### Audit Of Accounts

An independent examination of the Authority's financial affairs.

### Balance Sheet

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

### Borrowing

Using cash provided by another party to pay for expenditure, on the basis of an agreement to repay the cash at a future point, usually incurring additional interest charges over and above the original amount.

### Budget

The forecast of net revenue and capital expenditure over the accounting period.

### Capital Expenditure

Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

### Capital Financing

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

### Capital Programme

The capital schemes the Authority intends to carry out over a specific period of time.

### Capital Receipt

The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.

### Claw-Back

Where average Council house rents are set higher than the government's prescribed average limit rent, used in the calculation of rent rebates, the percentage difference reduces the amount of rent rebate subsidy due to the authority, i.e. it is "clawed-back" by the government.

## CIPFA

The Chartered Institute of Public Finance and Accountancy.

## Collection Fund

A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

## Community Assets

Assets that the Authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

## Comprehensive Income and Expenditure Statement

The account of the Authority that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.

## Consistency

The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

## Contingent Asset

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's accounts.

## Contingent Liability

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control;
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

## Corporate and Democratic Core

The corporate and democratic core comprises all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

## Creditor

Amount owed by the Authority for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

## Current Service Cost (Pensions)

The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.

## Debtor

Amount owed to the Authority for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

## Defined Benefit Pension Scheme

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

## Depreciation

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Authority's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

## Discretionary Benefits (Pensions)

Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Authority's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

## Equity

The Authority's value of total assets less total liabilities.

## Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

## Expected Return On Pension Assets

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

## Fair Value

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

## Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

## Going Concern

The concept that the Statement of Accounts is prepared on the assumption that the Authority will continue in operational existence for the foreseeable future.

## Government Grants

Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Authority. These grants may be specific to a particular scheme or may support the revenue spend of the Authority in general.

## Housing Benefits

A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by central government.

## Housing Revenue Account (HRA)

A separate account to the General Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Authority.

## Impairment

A reduction in the value of a fixed asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.

## Infrastructure Assets

Fixed assets belonging to the Authority that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

## Intangible Assets

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Authority's intangible assets comprise computer software licences.

## Interest Cost (Pensions)

For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

## Investments (Pension Fund)

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

## Liability

A liability is where the Authority owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

## Liquid Resources

Current asset investments that are readily disposable by the Authority without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market.

## Long-Term Contract

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

## Materiality

The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

## Minimum Revenue Provision (MRP)

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Authority.

## Net Book Value

The amount at which fixed assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

## Net Debt

The Authority's borrowings less cash and liquid resources.

## Non-Distributed Costs

These are overheads for which no user now benefits and as such are not apportioned to services.

## Non-Domestic Rates (NDR)

The Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by central government and multiplied by the assessed rateable value of the premises they occupy. In England it is collected by the Authority on behalf of itself, central government and major preceptors. In Scotland it is collected by the Authority on behalf of central government and then redistributed back to support the cost of services.

## Non-Operational Assets

Fixed assets held by the Authority but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

## Operating Lease

A lease where the ownership of the fixed asset remains with the lessor.

## Operational Assets

Fixed assets held and occupied, used or consumed by the Authority in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

## Past Service Cost (Pensions)

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

## Pension Scheme Liabilities

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

## Precept

The levy made by precepting authorities by billing authorities, requiring the latter to collect income from Council Tax on their behalf.

## Prior Year Adjustment

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

## Provision

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

## Public Works Loan Board (PWLB)

A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government can borrow itself.

## Rateable Value

The annual assumed rental of a hereditament, which is used for NNDR purposes.

## Related Parties

There is a detailed definition of related parties in FRS 8. For the Council's purposes related parties are deemed to include the Authority's members, the Chief Executive, its Directors and their close family and household members.

## Related Party Transactions

The Statement Of Recommended Practice requires the disclosure of any material transactions between the Authority and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

## Remuneration

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits. Received other than in cash. Pension contributions payable by the employer are excluded.

## Reserves

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Authority. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure.

## Residual Value

The net realisable value of an asset at the end of its useful life.

## Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

## Revenue Expenditure

The day-to-day expenses of providing services.

## Revenue Expenditure Capitalised Under Statute (REFCUS)

Expenditure which ordinarily would be revenue, but is statutorily defined as capital. Examples of REFCUS include grants of a capital nature to voluntary organisations and back pay expenditure capitalised under Secretary of State Direction.

## Revenue Support Grant

A grant paid by Central Government to authorities, contributing towards the general cost of their services.

## Stocks

Items of raw materials and stores an authority has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

## Temporary Borrowing

Money borrowed for a period of less than one year.

## Trust Funds

Funds administered by the Authority for such purposes as prizes, charities, specific projects and on behalf of minors.

## Useful Economic Life (UEL)

The period over which the Authority will derive benefits from the use of a fixed asset.