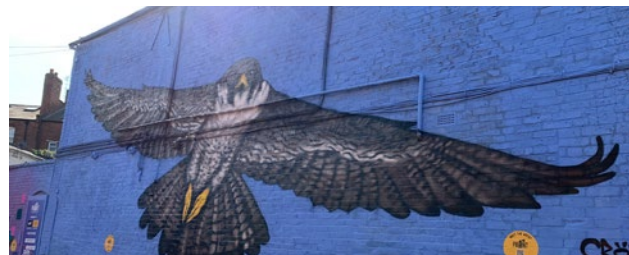


Statement of Accounts

2021/22

and Annual Governance Statement



www.warwickdc.gov.uk

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Andrew Rollins, ACMA, CGMA
Head of Finance

Narrative Report

Message from the Interim Head of Finance

Andrew Rollins

The financial statements once again demonstrate that the financial standing of the Council continues to be robust. We have established good financial management disciplines, processes and procedures. Recognising that we operate in an environment of continuous change, a drive for on-going improvement and excellence is essential to ensure excellent service delivery and resource efficiency.

The Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). It aims to provide information so that members of the public, including electors and residents of Warwick District, partners, stakeholders and other interested parties can:

- Understand the overarching financial position of the Council and the financial outturn for 2021/22
- Have confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner; and
- Be assured that the financial position of the Council is secure.

Further refinements to the content and production of the financial statements have been made, taking note of the Audit recommendations from 2020/21 to ensure that they continue to be understandable to users, and effectively comply with CIPFA standards.

Legislation requires that an authority's draft accounts be completed by 1 August following the year end, and an audited Statement of Accounts submitted to the appropriate body for approval by 30 November. To aid transparency, it also requires all local authorities to have a

common thirty-day public inspection period which includes the first ten working days following the draft publication. Recognising the impact of several factors within the Council relating to resourcing and the implementation of a new finance management system, the decision was made to delay the publication of the draft statements, in accordance with The Accounts and Audit Regulations 2015 – Regulation 15, as amended by The Accounts and Audit (Amendment) Regulations 2021, and by The Accounts and Audit (Amendment) Regulations 2022. Through continued liaison with our external auditors, Grant Thornton, we have been able to accommodate this delay within an agreed audit schedule, minimising its impact on the overall process. Audit and Standards committee received the audit report and statement on 22 November 2022 in advance of the submission deadline for approval.

The Narrative Report provides information about Warwick District Council, its main objectives and strategies, the principal risks that it faces, as well as demonstrating how the Council has used its available resources to achieve desired outcomes from both a financial and non-financial perspective. It also provides a summary of the financial position as at 31 March 2022.

COVID-19 has continued to have an impact during 2021/22, with many businesses and attractions within the District being affected, particularly during quarter 1. This has continued to place a strain on some of the Council's income streams, and additional cost pressures as resources have been focussed on ensuring that the Council continued delivering key services throughout this period.

While the Government has continued to provide some support through several grant schemes in place during the year, we have started to

see some of the changes to how residents, businesses, communities, and visitors live in, work in and visit the district. While the Council had accounted for the use of reserves to enable a balanced budget to be set for 2021/22, better than expected performance in conjunction with the receipt of additional unbudgeted grants has resulted in monies being returned to reserves or repurposed for the delivery of new schemes. However, the Council appreciates that financial challenges will remain as it adapts services and funding sources to the 'new normal', and support mechanisms are gradually phased out.

The year concluded with the first signs of the ongoing economic challenges, with the UK economy facing high levels of inflation. This is creating significant uncertainty for our residents, communities, businesses and in turn the Council's medium term finances. The financial outturn for 2021/22 does not reflect many of these pressures, primarily due to exiting contractual arrangements protecting the Council from increased costs during the year.

However, the changing environment, including the impact of the pandemic, inflation and the

cost-of-living crisis, as well as the decision to withdraw the request to merge with Stratford-on-Avon District Council, will require the Council to review the services it provides, its delivery models and the outcomes they achieve going forward. This will also require the Council to review the structural position of its base budget to ensure ongoing financial resilience. In addition, the Council will continue to adopt a pro-active approach to how it prioritises its resources to ensure it responds to the emerging needs of residents and businesses. Over 2021/22 the Council has been at the forefront of delivering support to those who need it, including ensuring Government grants are delivered to businesses, and through responding to international situations such as the Ukrainian refugee crisis, and will continue with this approach going forward.

Where necessary the Council will revise its Medium-Term Financial Strategy (MTFS) to reflect the impact of the economic and social environment, and any changing strategic objectives. Updates will be reported to Cabinet / Council on a regular basis.



Key facts about the District

Warwick District Council is one of five district / borough council's within the shire county of Warwickshire. It lies in the south of Warwickshire and covers approximately 28,288 hectares, and is home to around 58,700 households (137,700 people).

This area includes the towns of Kenilworth, Royal Leamington Spa, Warwick and Whitnash, accounting for around 80% of the population. The remainder of residents live in a number of villages, many of which are Green Belt. The District is bordered to the south and west by Stratford-on-Avon District, to the east by Rugby Borough and to the north by Solihull and the city of Coventry.

The District provides a central location with excellent road and rail transport links. There are major routes across the area including the M40 providing direct access to London and indirect links to the north-west via the M6 and M5 respectively. There are also excellent rail services to the rest of the West Midlands and London.

The District has the largest population in the county and the population density of 4.9 people per square hectare is the second highest in Warwickshire and above national/regional averages. The population grew over the ten years from 2001 to 2011 by over 9%, a faster rate than England and Wales and the West Midlands and second only to Rugby in the county.

From the National Grid and UK Battery Industrialisation Centre to our thriving Computer Games Industry our district is home to a high concentration of leading UK businesses as well as being a magnet for talent, innovation and creativity. With over 2,500 employees across 83 studios, Silicon Spa (anchored in Leamington) is the third largest games cluster in the UK.

We also have a growing pedigree in attracting major international sporting events, as an official venue for the Birmingham 2022 Commonwealth Games with Victoria Park in Leamington Spa playing host to the Lawn Bowls and Para Lawn Bowls competitions and the men's and women's Cycle Road races starting and finishing in Warwick, with more than 5000 visitors a day from around the world expected to attend.



Political Structure

As at 31 March 2022, Warwick District had 17 wards and the Council consisted of 44 Councillors. The political make up of the Council is shown below.



The Council has adopted the Leader and Cabinet model as its political management structure arising from the Local Government and Public Involvement in Health Act 2007. The Leader of the Cabinet has responsibility for the allocation of Portfolios and the delegation of Cabinet Functions. Cabinet members are held to account by a system of scrutiny which is also set out in the Constitution. Scrutiny of Cabinet decisions for 2021/22, including the setting of a balanced budget for 2021/22, has been undertaken by either the Finance and Audit Scrutiny Committee or Overview and Scrutiny Committee.

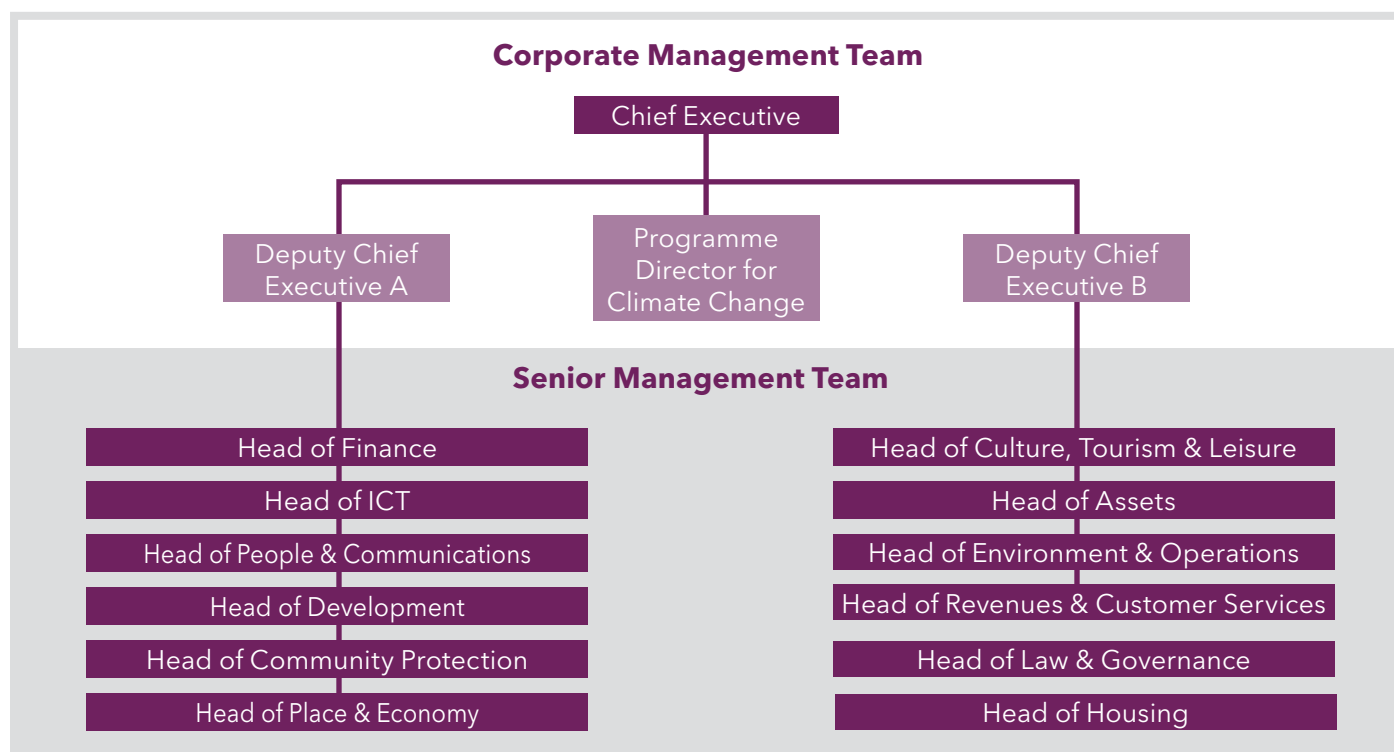
Warwick District Council Key Information

Warwick District Council is a multifunctional and complex organisation. Its policies are directed by the political leadership and implemented by Portfolio Holders, who make up the Cabinet (the Council's main decision making body) and officers of the Council.



Management Structure

Supporting the work of Councillors is the organisational structure of the Council headed by the Corporate Management Team, led by the Chief Executive.



During 2020/21 the Corporate Management Team was comprised of the Chief Executive and two Deputy Chief Executives. Deputy Chief Executive A also performs the duties of the Monitoring Officer and Legal Client Manager. During the year there was a review of these roles and Deputy Chief Executive Post B was deleted from the establishment as part of wider management review to combine senior management with Stratford-on-Avon District Council.

The Head of Finance periodically attends the Corporate Management Team meetings in his role as the Council's Chief Financial Officer (the officer responsible under statute for the administration of the Council's financial affairs) together with other Heads of Service as required. This ensures that the key statutory officers are represented at the most senior level of the Council.

The Corporate Management Team is responsible for the delivery of Council services, directing improvements and future plans

for Warwick District. It provides managerial leadership and supports Councillors in:

- Developing strategies;
- Identifying and planning use of resources;
- Delivering plans; and
- Reviewing the Council's effectiveness with the overall objective of providing excellent services to the public.

Supporting the Corporate Management Team is the Senior Management Team which consisted of ten Heads of Service as shown in the diagram above. All Heads of Service for the financial year were shared posts with Stratford-on-Avon District Council.

A New Management Structure was implemented on 12 May 2022 following the recommendation from the Leaders of both Warwick District Council and Stratford upon Avon District Council to withdraw the request to merge and create a South Warwickshire District Council.

Council Employees

The full time equivalent number of staff employed by the Council in April 2021 was 467.6. This decreased over the year to 439.51 at the end of March 2022, including six apprentices, with six new starters in 21/22.

The Council is an Equal Opportunities employer and welcomes applications from all. We use a fair and open selection process based on knowledge, experience, skills and behaviour in our aim to recruit the best person for the job.

We promote an environment which offers opportunities for all our staff. The Council is committed to training and development, and encourages a healthy work life balance for all staff and has achieved the National Award for England's Health and Wellbeing Charter and Investors in People accreditation.

Our Vision

The Council's Vision is to make Warwick District "a Great Place to Live, Work and Visit", underpinned by the Fit for the Future Strategy, setting out the Council's internal and external aims against three key strands.

The Council's latest Service Area Plans set out the delivery of these strands.

Visit our website for more information on the updated Fit For Future Strategy and the 2021/22 service area plans.

FIT FOR FUTURE STRANDS		
PEOPLE	SERVICES	MONEY
External		
Health, Homes, Communities	Green, Clean, Safe	Infrastructure, Enterprise, Employment
Intended outcomes: <ul style="list-style-type: none"> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities 	Intended outcomes: <ul style="list-style-type: none"> Becoming a net-zero carbon organisation by 2025 Total carbon emissions within Warwick District are as close to zero as possible by 2030 Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB 	Intended outcomes: <ul style="list-style-type: none"> Dynamic and diverse local economy Vibrant town centres Improved performance/ productivity of local economy Increased employment and income levels
Internal		
Effective Staff	Maintain or Improve Services	Financial Footing over the Longer Term
Intended outcomes: <ul style="list-style-type: none"> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours 	Intended outcomes: <ul style="list-style-type: none"> Focusing on our customers' needs Continuously improve our processes Increase the digital provision of service 	Intended outcomes: <ul style="list-style-type: none"> Better return/use of our assets Full cost accounting Continued cost management Maximise income earning opportunities Seek best value for money

Our Values

Our values are at the heart of everything we do, and they underpin what is important to the Council and how we all work together;



HONESTY AND OPENNESS

We will be truthful and transparent about how we run your Council.



VALUE FOR MONEY

We will make efficient use of our resources to offer you the best possible services at the best price.



ENVIRONMENTALLY SENSITIVE

We will ensure our long term impacts are minimised and are sustainable for future generations.



COMMUNITY FOCUSED

We will put the needs and aspirations of our local communities to the fore. We will work flexibly and collaboratively as one Council and with others in response.



FAIRNESS AND EQUALITY

We will value all our citizens and our work will be without bias or prejudice.

Our Services

The Council provides valuable and accessible services for the community which helps to promote Warwick District as a great place to live, work and visit and these include:

FINANCE

- Accountancy
- Audit & Risk
- Procurement

ICT

- Application Support
- GIS
- Helpdesk & Technical Support
- Infrastructure Services

PEOPLE & COMMUNICATIONS

- People
- Communications

DEVELOPMENT

- Development Management
- Building Control

COMMUNITY PROTECTION

- Community Safety
- Environmental Health & Safety

PLACE & ECONOMY

- Policy & Projects

CULTURE, TOURISM & LEISURE

- Arts
- Sports & Leisure
- Programme Manager
- Commonwealth Games

ASSETS

- Compliance
- Technical

ENVIRONMENT & OPERATIONS

- Contact Centre
- Green Spaces
- Programme Team
- Bereavement Services

REVENUES & CUSTOMER SERVICES

- Exchequer
- Benefits & Customer Services

LAW & GOVERNANCE

- Democratic Services

HOUSING

- Housing Needs
- Landlord Operations
- Housing Strategy & Development
- Business Development & Change

Resource Strategies

Fit for the Future is supported by four resource strategies (Digital, People, Finance and Asset) which set out how the Council plans to utilise its resources to achieve its objectives:

DIGITAL STRATEGY

In 2022 the Council will launch a new Digital Strategy built around the delivery of inclusive, valuable, and effective digital services that meet the needs of our communities. Our strategy we will define our vision for digital services, establish key priorities for our ICT and Digital Teams and shape how we develop and deploy digital technologies across services; to ensure our future sustainability and continued achievement of the Council's strategic priorities.

PEOPLE STRATEGY

The People Strategy sets out how the Council's approach to resourcing, learning and development, and cultural change ensures that its workforce is able to support the Fit for the Future Strategy, as it is our staff who deliver the Council's vision to make Warwick District a great place to live, work and visit.

MEDIUM TERM FINANCIAL STRATEGY FOR 2021/2022 TO 2025/2026

The Medium Term Financial Strategy (MTFS) was approved by Council on 11 February 2021. This document sets out the financial framework used to ensure adequate financial resources are available to achieve the Council's objectives, and that appropriate action is taken to address significant future challenges.

ASSET STRATEGY

A new and updated Asset Management Strategy is being developed, which will enable the Council to assess, categorise and agree options and interventions for each of our corporate and commercial assets. This will also assist in meeting the Climate Emergency agenda and the emerging Council Action Plan.

Visit our website for more information on these strategies.

Annual Service Area Plans

The Council has thirteen Service Areas - ICT, People and Communication, Culture, Tourism & Leisure, Revenues & Customer Services, Finance, Development Services, Environment & Operations, Community Protection, Law & Governance, Place & Economy, Strategic Leadership, Housing Services and Assets. Each service area produces, in consultation with Portfolio Holders and relevant stakeholders, Annual Service Area Plans for particular areas of activity. The individual plans seek to describe the scope of each Service Area's services and projects and how delivery will be managed with available resources. In aggregate the Service Area Plans represent the programme of work for the Council for each financial year.

Visit our website for further information on the individual 2021/22 service plans.

Performance against the Service Area Plan is reviewed by Overview and Scrutiny Committee on a rolling basis throughout the year. Narrative based performance reports are presented annually to Cabinet at the end of the municipal year.

The Council's Performance at a glance 2021/22

CORPORATE ACHIEVEMENTS

Facilitated the successful introduction of **hybrid working** at Riverside House



£7.3m
in grants secured to help residents improve the energy efficiency of their homes

FINANCE



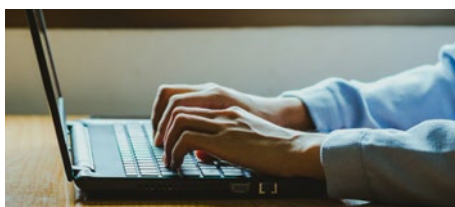
Implemented a brand new, **Council-wide Financial Management System**



Procurement Strategy updated to help us achieve **net-zero carbon**

ICT

Completed more than **300** major operating system upgrades remotely



Reached the nationally recognised **gold standard** for all our local land and property gazetteer

PEOPLE & COMMUNICATION



Completed over **500** design & advertising jobs, and over **700** print jobs



Delivered **88** remote training sessions to **706** staff & councillors



5 New Apprentices joined with **4** previous apprentices securing full-time roles

DEVELOPMENT



Successful continuation of **Warwick District Markets**, with Warwick featuring in the Market Times magazine



Over **2,000** planning & related applications dealt with



Close to **100%** of land charge searches completed in the required timescale

COMMUNITY PROTECTIONS



320 CCTV reviews completed for Warwickshire Police with **136** evidence packages produced

Over **£12,000** donated to local charities assisting vulnerable people through meaningful change initiatives



15,000 anti-spiking drinks lids distributed to pubs & clubs in the area.

PLACE & ECONOMY



Planning permission granted and work underway on **cycle trails** at Newbold Comyn



Work progressed on **Trees for future** project, including securing grant money

CULTURE, TOURISM & LEISURE



Official opening
of the
**Whitnash Civic Centre
& Library**



22,500
football matches played
on WDC pitches by over
75,000 players



6,000
visits to Edmonscombe
Athletics Track

ASSETS

Further **improvements to
Victoria Park and Riverside
Walks**, including work to
pathways, Tennis & Bowls
pavilions.



154
adaptations completed to
Council properties improving
accessibility for our tenants



220
new kitchens and
bathrooms in
over **185** properties

ENVIRONMENT & OPERATIONS

Work undertaken on
introducing the new **123+**
waste collection service

3,958 trees planted on
WDC land, contributing to
160,000 Trees for Future
project



44
new electric
vehicle points installed
in car parks

REVENUES & CUSTOMER SERVICES

£10.5m
in business support Covid
grants paid to 1,500 businesses



98.27% of Council Tax
and **97.36%** of Business
Rates collected

LAW & GOVERNANCE



77
Committee meeting
videos on YouTube with
12,706 views



Delivered **Covid safe**
County & Police Commissioner elections,
2 district & 4 town by-elections and 4 neighbourhood plan
referendums



HOUSING



94
New Council homes built

296

households with homelessness
prevented or relieved



746
households rehoused via
HomeChoice

Financial Overview 2021/22

The approved revenue budget sets out how the Council plans to allocate revenue funding during the year in order to deliver services to the people and communities within Warwick District.

Revenue resources available to finance the General Fund budget, used to provide services are forecast to be approximately £16.217m by 2023/24. A year by year breakdown is shown in the diagram below:

REVENUE RESOURCES	2021/22 Actual '£000	2022/23 Forecast '£000	2023/24 Forecast '£000	2024/25 Forecast '£000
Revenue Support Grant	0	0	0	0
Business Rates	(5,370)	7,627	3,586	3,658
Collection Fund Balance	(39)	(23)	(54)	0
New Homes Bonus	3,269	2,681	0	0
Other Grants and Government Funding	6,870	392	0	0
Council Tax	9,889	9,975	10,366	10,763
Total Revenue Resources	14,619	20.652	13.898	14.421

The currently approved Medium Term Financial Strategy (MTFS) forecasts a deficit of £2.467m by 2025/26. This position is reliant on delivering a number of ambitious savings proposals agreed December 2020, while also bringing forward further schemes.

Other future changes that are anticipated to have an impact on the Council's finances are:

- Longer Term Local Finance Settlement being agreed by Government
- Continuing revenue losses arising from COVID-19, and the uncertainty around the future economic impact to the proportion of Business Rates income retained by local authorities from 2022/23.
- Economic Changes arising from current World Events.
- Efficient procurement to deliver quality services at minimum cost
- Population growth increasing demand for services provided
- Expenditure pressures relating to pay awards, inflation, and capital programme financing costs.

It is clear that the Fit for Future change programme will have to continue for the foreseeable future, so that the Council's resources are managed appropriately to balance the budget, and deliver services in innovative ways that continue to meet our customers' needs. The Council will continue to revise its MTFS to reflect future changes, providing updates to Cabinet / Council for approval as necessary.

For 2021/22 the Council approved a net General Fund budget of £9.899m which resulted in a D Band Council Tax charge of £176.86, an increase of £5 (3%) compared to the previous year.

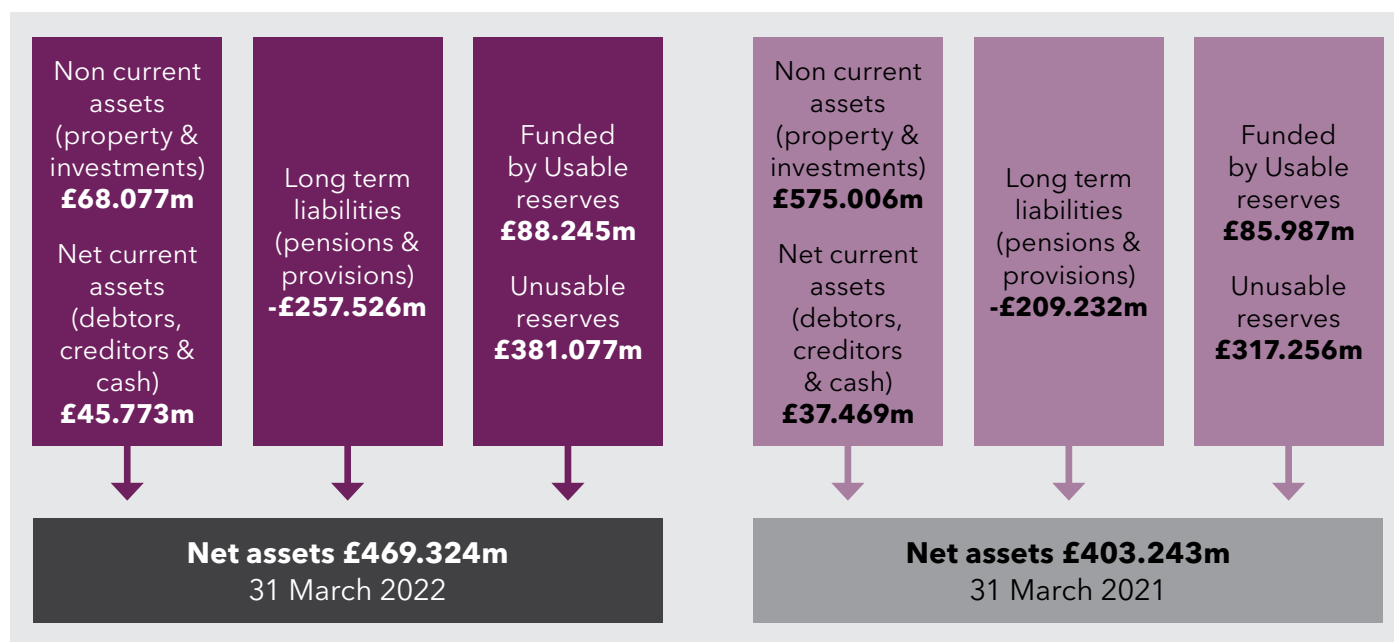
Financial Overview 2021/22



DURING THE YEAR, THE COUNCIL:

- Collected over £59.573m of Business Rates and £112.216m of Council Tax, of which £141.578m (82%) is passed onto Central Government and other agencies.
- Managed £10.301m of Investment Property which generated £0.690m of rental income which was used to support the provision of services within the District.
- Spent £105.058m (gross expenditure) on Council services.
- Received £51.731m of fees, charges and other service income, and Government grants and other contributions of £46.591m which were used to deliver Council services.
- Invested surplus cash balances to generate £0.244m of interest received.

The Council continues to be in a robust financial position and maintains a strong balance sheet despite the financial challenges it faces.



The specified minimum level of General Fund revenue reserves as determined by the Head of Finance is £1.5m. The level of General Fund reserves to be carried into 2021/22 is £31.414m, which is £29.914m above the specified minimum amount. £26.904m of this total relates to Earmarked Reserves which have been set aside for specific purposes.

Financial Performance 2021/22

The Council's financial outturn position in respect of both General Fund Services and the Housing Revenue Account is shown in the table below.

Revenue Outturn Position	Budget £000	Actual £000	Variation £000
Assets	3,358	1,443	(1,915)
Community Protection	2,536	2,900	364
Culture, Tourism & Leisure	5,837	3,720	(2,117)
Development Services	216	951	735
Environment & Operations	10,416	8,163	(2,253)
Finance	(269)	388	657
Housing Services - GF	1,326	983	(343)
Housing Services - HRA	2,828	3,932	1,104
ICT Services	236	193	(43)
Law & Governance	1,482	1,363	(119)
People and Communication	76	11	(65)
Place & Economy	2,204	2,418	234
Revenues & Customer Services	1,351	1,635	214
Strategic Leadership	1,367	5,726	4,326
Strategic Leadership Investment	(370)	(345)	25
Net Revenue Expenditure on Services	32,627	33,481	854

It should be noted that the above table shows the Council's net revenue expenditure, analysed by portfolio, as reported for resource management purposes. The Expenditure and Funding Analysis reconciles the net expenditure shown above, together with the accounting adjustments to provide a reconciliation to the Comprehensive Income and Expenditure Statement.

In overall terms, the Council achieved a General Fund surplus of £1.170m, and a HRA surplus of £0.039m, both of which have been allocated to reserves.

Financial Performance 2021/22

A summary of the key variances occurring during the year by portfolio is shown in the table below.

Revenue Outturn Variances 2021/22		
Account Group	Amount	Description
Employees	£564	<ul style="list-style-type: none"> Salaries underspent by -£827k due to recruitment and retention challenges IAS19 Adjustments overspent by £1.539m Provisions & Insurance underspent by -£138k
Premises Related Expenditure	-£2,737	<ul style="list-style-type: none"> Utilities overspend by £34k including by biomass boiler additional income off £24k Council Tax overspend by £170k Rates underspent by £50k due to Government Rates Refund Repair & Maintenance underspent by £2.692m
Supplies and Services	-£3,050	<ul style="list-style-type: none"> Consultancy underspent by £1.181m due to delayed projects and Vacancies within Service Bad Debts Provision decreased in year by £623k General IT spend reduced by £106k due to delays in the merger and equipment replacement programme during covid COVID Contingency underspend by £423k Linen St feasibility underspent by £110k, transferred to new year spend One stop digital transformation underspent by £49k
Third Party Payments	-£648	<ul style="list-style-type: none"> Refund of Covent Garden Electricity underspent £97k Trees for Future project paused underspent £45k Suez waste contract extension underspent £528k but due next - funds transfer to new year
Agency Spend	-£2,591	<ul style="list-style-type: none"> Rent Allowances and Rent Rebates have been reducing over past few years as most new claimants have transferred to universal credit. Linked to Government Grants below.
Support Charges	£339	<ul style="list-style-type: none"> Reduction in HRA contribution
Capital Charges	£3,124	<ul style="list-style-type: none"> REFCUS overspend by £6.509m Notional Interest underspend by £3.452m as not charged this year
Contributions to Reserves / Capital	£2,293	<ul style="list-style-type: none"> Reduction in HRA contributions
Government Grants	£3,026	<ul style="list-style-type: none"> Reduced expenditure to match funding reduction in Government Grants

HOUSING REVENUE ACCOUNT

The Housing Revenue Account (HRA), is a ring-fenced account for services specifically relating to the provision of housing and associated services to Council tenants and leaseholders. The cost of providing these services is met from rents, service charges and grant funding. In 2021/22 £28.525m of income was received, of which £25.806m related to dwelling rents from 5,527 properties. £20.489m of this was spent on providing revenue services in year, a contribution to the HRA Capital Investment Reserve (CIR) of £3.893m was achieved from operating surpluses, to be used to finance future housing projects.

As outlined in the Housing Investment Programme (HIP) which was approved in February 2021 Cabinet, the HRA Capital Investment reserve balance at 31 March 2022 equals £23,203m, and the Major Repairs Reserve (MRR) balance (used to fund capital expenditure improving HRA assets, or to repay HRA debt) is £5.394m,. The Council Plans to spend £13.920m in 2022/23 to improve its housing stock including £750k in Slippage works from 2021/22 which is pending approval in the Year End Cabinet Report. This is following an investment of £7.648m in 2020/21.

Capital Programme 2021/22 to 2025/26

The Council has an ambitious five year capital programme: it is planning to spend £229.211m over this period. This investment will deliver a range of objectives including:

- Realising local aspirations as set out in the Fit for the Future programme - for example delivering enhanced leisure facilities at Kenilworth's Castle Farm and Abbey Fields sports & Leisure centers, building a new regional Materials Recycling Facility, purchasing new waste vehicles and establishing Tach Brook County Park and Newbold Comyn
- Maintaining and enhancing the condition of existing assets including "invest to save" projects which generate revenue savings, releasing valuable resources for other purposes for example investing in Information and Communication Technology
- Achieving regeneration and economic vitality in the district such the development of the Europa Way site and the improvement of Leamington Old Town

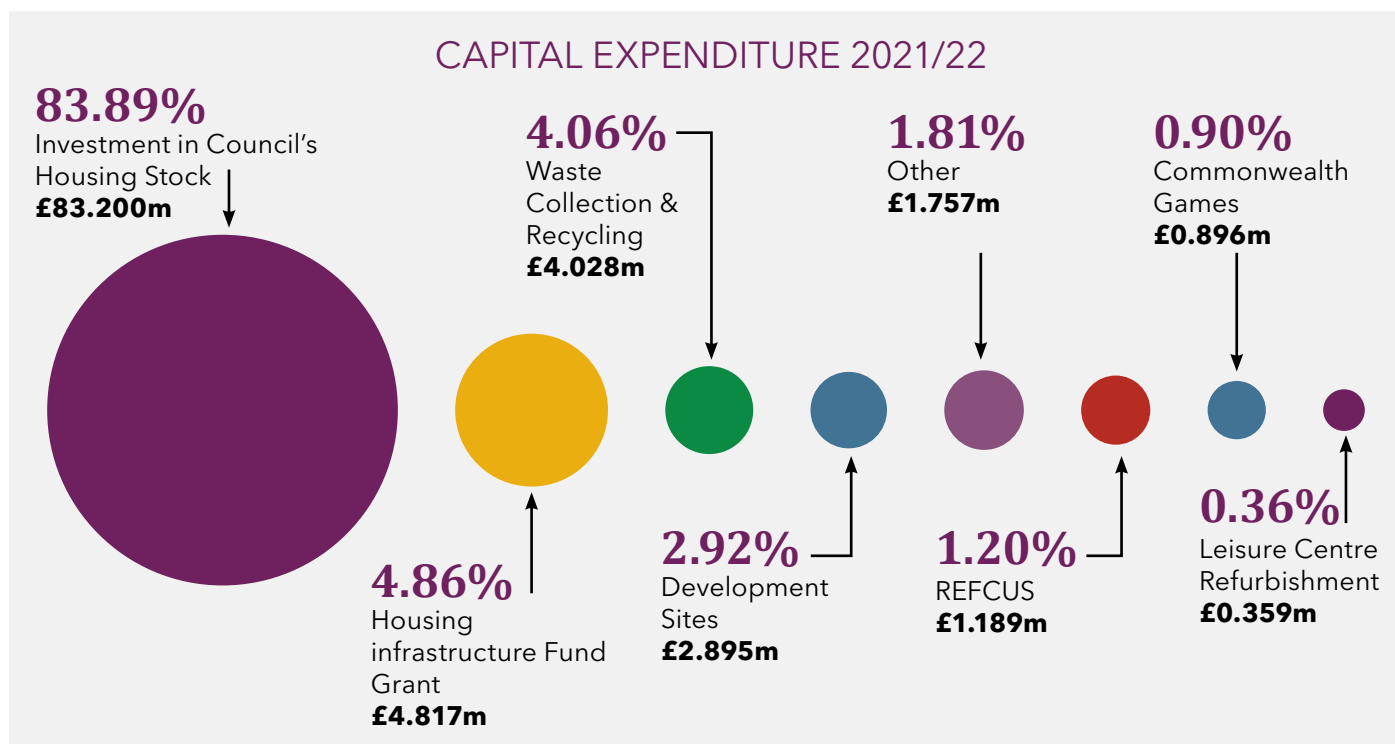
- Increasing the number of affordable homes in the district
- Improvements to the Council's existing housing stock

The main sources of funding for these future works are Right to Buy sales of council homes to eligible tenants (£4.657m accumulative total), other usable capital receipts (£1.131m), contributions to capital works from developers (£14.212m), use of the Council's own resources - either by revenue contributions to capital projects (£1.091m) or the use of earmarked reserves (£57.727m), and borrowing provided the Council can demonstrate that it can afford to service the debt (£20.285m).

The 2020/21 total capital budget of £59.808m was approved at the Council Meeting on 11 February 2021. This was subsequently revised to £77.148m with the addition of re-profiled expenditure from the previous financial year and further approvals in the year. Actual capital expenditure for 2021/22 was £98.309m (£44.760m 2020/21). The charts below detail this expenditure and the accompanying financing.



Capital Programme 2021/22



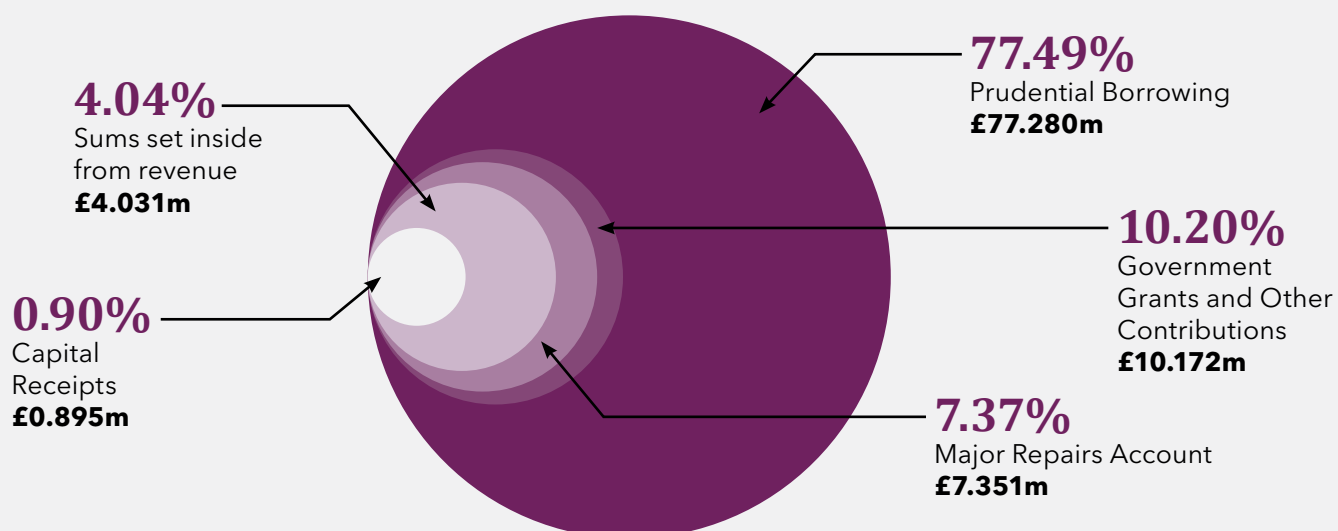
The expenditure analysis by portfolio, together with explanations of major project variances occurring in 2021/22 is shown in the tables below.

Capital Expenditure 2021/22	Latest Budget £000	Actual £000	Variation £000
Culture, Tourism & Leisure	3,649	2,134	1,515
Development Services	6,696	6,249	447
Finance	200	159	41
Community Protection	196	127	69
Environment & Operations	6,194	4,255	1,939
Strategic Leadership	1,126	161	965
Total Other Services Expenditure	18,061	13,085	4,976
New Build/Reprovision of Housing	45,343	78,904	33,561
Improvements/Renewals	14,190	6,319	7,871
Total HRA Related Housing Investment Programme (HIP)	62,365	34,482	(27,883)
TOTAL Capital Expenditure	77,594	98,308	20,714

CAPITAL EXPENDITURE VARIANCES 2021/22

Major variances caused by:	
Culture, Tourism & Leisure	Kenilworth Leisure Centre New Build - £1.1m - Project was scheduled to commence in January 2022, due to numerous circumstances including discharging of planning conditions and the volatility of the construction industry following BREXIT and the pandemic this was not possible. Commonwealth Games - £0.37m - Underspend for the project was as a consequence primarily of the delayed start to construction works at Leamington Spa Station and Prices Drive car park developments.
Development Services	Future High Street - £0.82m - Various delays in the project e.g. Post Office unable to release lease, Sorting Office needs suitable relocation, Town Hall procurement delay, Spencer Yard reassessment of increased construction costs and impact on grant needed. Community Stadium Project - £0.3m - Delayed due to exploring different delivery options.
HRA Related HIP	Housing acquisitions and developments - £16.4m - delayed by planning taking ages or the timing of the phased handovers has ended up staggering 2 years.
Environment & Operations	Victoria Park Play Area - £0.36m - Delayed due to prolonged discussions/agreements with Conservation Planning and the planning process. Also long lead in times for a specialist bespoke piece of equipment. Tach Brook Country Park - £0.44m - Delays have been experienced in the completion of the design and land transfers. Sherbourne Resource Park - £9.1m - Delays to do with supply chain for steel and concrete (due to HS2). Therefore the drawdowns have been rescheduled.
Strategic Leadership	Decarbonisation Grant - £0.83m - Scheme stopped and remaining grant being returned.

CAPITAL FINANCING 2021/22



Key Strategic Partnerships

Partnerships PSP Warwick LLP was incorporated as a Limited Liability Partnership on 26 March 2013 as a collaborative activity between the Council and PSP Facilitating Limited. It is classified as a joint venture as the two parties have contractually agreed to share control, such that decisions about activities that significantly affect returns require unanimous consent, and both have rights to the net assets of the entity. The primary role of the Joint Venture is to enable the Council to better realise the efficient management of its assets by unlocking value and reducing liabilities in relation to the Council's operational and investment properties.

Milverton Homes Ltd. During 2020/21 Warwick District Council created a wholly owned Local Housing Company subsidiary named Milverton Homes Ltd. Milverton Homes Business Plan was approved by the Council's Cabinet on the 10 December 2020. The Company was incorporated with Companies House on 8 January 2021 with the nature of the business being 4110 - Development of building projects. Four directors have been appointed to Milverton Homes Board and registered at Companies House and the accounting reference period has been shortened to align with the Council's.

Governance Framework

The Annual Governance Statement provides assurance to the community, service users, tax-payers and other stakeholders that the Council has in place good business practices, high standards of conduct and sound governance arrangements including suitable risk management arrangements.

The Council has adopted a Local Code of Governance which sets out the Council's commitments to seven core principles of governance.

Visit our website for further information.

The Accounts and Audit Regulations 2015 require the Council to conduct a review, at least annually, of the effectiveness of its system of internal control and report the findings in an annual governance statement. The Council's 2021/22 Annual Governance Statement is included in the Financial Statements.



Corporate Risks

A risk management strategy is in place to identify and evaluate risks to the Council's operations, key priorities and major projects. Significant risks are recorded in the Significant Business Risk Register which is reviewed and updated quarterly by the Senior Management Team, the Council Leader and the Cabinet.

Key risks currently identified include:

Risk/Issue	Probability of Occurrence	Management Action to Mitigate Risk
Failure to protect information assets from malicious cyber attack resulting in reputational damage, unforeseen recovery costs, lost productivity and adverse impact on service delivery.	Medium/High	Appropriate strategies and policies in place aiming to prevent, detect and contain an attack, reduce target exposure, speed up recovery times and minimise impact on service delivery. e.g. use of up-to-date anti-malware software, documented Major Virus Response procedures, multiple file servers, temporary website to be used in events of major outage, staff training.
Partnerships not delivering stated objectives leading to reduced levels of service provision, failure to deliver service, increased costs.	Medium/High	On-going scrutiny and audit of partnership arrangements, project groups for significant services, involvement in and engagement with existing sub-regional partnerships.
Major contractor going into administration or deciding to withdraw from contract leading to reduced service levels, non-achievement of objectives, adverse financial impacts and reputational damage.	Medium	Properly procured contracts, active contract management, business continuity plans in place.
Inappropriately qualified staff unable to undertake level or volume of work to meet Council priorities resulting in poor customer service and disruption to Council services.	Medium	Training budgets set to match short and long term needs, workforce planning, prioritisation of work, appropriate use of external resources.
Additional, unforeseen financial liabilities arising e.g. medium term financial strategy underestimates future expenditure and income, compensation payments, legal challenges, uninsured losses, resulting in higher than anticipated budget savings, sub-optimum and short term decisions unsupported by proper plans, and reduced service levels.	Medium	Regular monitoring of the Fit for the Future strategy, identification and control of emerging risks, effective financial planning, appropriate levels of financial reserves held and used to smooth fluctuations in income and expenditure.

Future Opportunities

The Council is actively working on several projects which present significant opportunities towards the Council's aspiration of making Warwick District a great place to live, work and visit.



LEISURE CENTRES

The demolition and complete rebuild of Abbey Fields Swimming Pool in Kenilworth to include a 25m long main pool and a 15m Family pool with a wall of bio-fold doors opening to a sun terrace.

The demolition of Castle Farm Recreation Centre and new build of Castle Farm Leisure Centre featuring sports hall the size of 6 badminton courts, 3 fitness studios and an 80 station gymnasium.



NEW ATHLETIC STADIUM

To be built near the Community Stadium off Fusiliers Way in Warwick and will provide brand new facilities, replacing the current Edmondscote Sports Ground and will offer a home of excellence for the local athletics clubs and the many schools which surround the development.



LEAMINGTON TOWN CENTRE TRANSFORMATION FRAMEWORK

The Creative Quarter at Spencer Yard to commence the regeneration of run-down buildings in that area for use of creative industries. The Framework will include projects for the Creative Hub in the Town Hall, new pedestrian footbridge over the River Leam from the Parade to Spencer Yard and the new East West and North South cycle routes through Leamington Town Centre.

Content and Format of the Statement of Accounts

The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each financial year. These statements contain a number of different elements which are explained below:



STATEMENTS OF RESPONSIBILITIES

This statement sets out the respective responsibilities of the Council and the Chief Finance Officer (Head of Finance).

CORE FINANCIAL STATEMENTS

The Statement of Accounts comprise four core financial statements:

- Comprehensive Income and Expenditure Statement
- Movement in Reserves Statement
- Balance Sheet
- Cash Flow Statement

A description of the purpose of each statement is included with each core statement.

AUDITOR'S REPORT

Auditor's Report gives the auditor's opinion of the financial statements and of the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources.

MAIN CHANGES TO THE CORE STATEMENTS AND SIGNIFICANT TRANSACTIONS 2021/22

The main change to the Statement of Accounts in 2021/22 is the introduction of Group Accounts, to include our ownership of Milverton Homes.

STATEMENT OF ACCOUNTING POLICIES

This summarises the accounting rules and conventions that have been used in preparing these financial statements.

NOTES TO THE CORE FINANCIAL STATEMENTS

The notes include more detail to support the information contained in the core financial statements as well as information on critical judgements and assumptions applied in the production of the accounts.



SUPPLEMENTARY STATEMENTS

The Housing Revenue Account (HRA) shows the in-year economic cost of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and Government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and Business Rates and its distribution to precepting bodies. For Warwick District, the Council Tax precepting bodies are Warwickshire County Council and the Office of the Police and Crime Commissioner for Warwickshire.

RECEIPT OF FURTHER INFORMATION

If you would like to receive further information about these accounts, please do not hesitate to contact Andrew Rollins, please see below for details.

ACKNOWLEDGEMENTS

The production of the Statement of Accounts would not have been possible without the exceptionally hard work and dedication of staff across the Council. I would like to express my gratitude to all colleagues, from the Finance team and other services who have assisted in the preparation of this document. I would also like to thank them for all their support during the financial year.

Andrew Rollins, ACMA, CGMA

Head of Finance
Warwick District Council
Riverside House, Milverton Hill
Royal Leamington Spa
Warwickshire, CV32 5HZ

The Councils Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In line with statute this is the Section 151 Officer. In this Council, that officer is the Head of Finance.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Section 151 Officer's Responsibilities

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

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

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Local Authority Code of Practice.

The Head of Finance has also:

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

I certify that to the best of my knowledge and belief, the Statement of Accounts presents a true and fair view of the financial position of Warwick District Council at 31 March 2022, and its income and expenditure in the year ended 31 March 2022.

2 September 2022

Andrew Rollins, ACMA, CGMA
Head of Finance
Warwick District Council
Riverside House
Milverton Hill
Royal Leamington Spa
Warwickshire
CV32 5HZ

Approval of Statement of Accounts

Statement of Accounts is to be approved at the Warwick District Council Audit and Standards Committee meeting held on 21 November 2022.

Chair of the Meeting
Councillor Dickson

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). Local 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.

Gross Expenditure 2020/21 £000	Gross Income 2020/21 £000	Net Expenditure 2020/21 £000	Portfolio	Note	Gross Expenditure 2021/22 £000	Gross Income 2021/22 £000	Gross Income 2021/22 £000
905	(413)	492	Assets		4,864	(3,765)	1,099
1,880	(491)	1,389	Community Protection		6,553	(3,653)	2,900
4,415	(867)	3,548	Culture, Tourism & Leisure		7,186	(3,466)	3,720
3,119	(2,152)	967	Development Services		6,898	(5,948)	950
2,570	(748)	1,822	Place & Economy		3,601	(1,183)	2,418
12,000	(5,391)	6,609	Environment & Operations		19,372	(11,210)	8,162
2,637	(5,503)	(2,866)	Finance		9,041	(8,653)	388
5,806	(2,283)	3,524	Housing Services - GF		8,762	(7,779)	983
19,150	(28,767)	(9,617)	Housing Services - HRA		27,924	(35,866)	(7,942)
190	(53)	137	ICT Services		3,600	(3,407)	193
1,632	(13)	1,619	Law & Governance		3,637	(2,274)	1,363
234	(30)	204	People and Communication		3,114	(3,103)	11
25,763	(24,058)	1,705	Revenues & Customer Services		26,340	(24,705)	1,635
1,681	(68)	1,613	Strategic Leadership		7,965	(1,894)	6,071
81,982	(70,837)	11,146	Cost of Services - continuing operations		138,857	(116,906)	21,951
2,719	(756)	1,963	Other Operating Income and Expenditure	11	2,798	(2,627)	171
6,160	(2,454)	3,706	Financing and Investment Income and Expenditure	12	7,631	(3,794)	3,837
5,695	(36,416)	(30,721)	Taxation and Non-Specific Grant Income and Expenditure	13	60,895	(93,395)	(32,500)
		(13,906)	(Surplus) or Deficit on Provision of Services				(6,541)
		(11,030)	(Surplus) or Deficit on revaluation of Non Current Assets	24		(3,051)	(3,051)
		1,764	Impairment Losses on Non Current Assets Charged to the Revaluation Reserve	24		8,044	8,044
		0	Surplus or deficit on revaluation of available for sale financial assets	24		0	0
		11,512	Remeasurement of the net defined benefit liability / (asset)	24		(23,593)	(23,593)
		2,246	Other Comprehensive Income and Expenditure				(18,600)
		(11,660)	Total Comprehensive Income and Expenditure				(25,141)

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end of the year on the different reserves held by the authority, analysed into “Usable Reserves” (i.e. those that can be applied to fund expenditure or reduce local taxation) and “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 these adjustments.

2021/22	General Fund Balance	Housing Revenue Account	Capital Receipt Reserves	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2021 carried forward	36,203	30,952	7,830	5,994	5,008	85,987	317,256	403,243
Movement in reserves during 2021/22								
Total Comprehensive Income and Expenditure	1,392	5,243	-	-	-	6,635	55,715	62,350
Adjustments from income & expenditure charged under the accounting basis to the funding basis (see note 8)	(6,181)	(4,674)	5,158	156	1,164	(4,377)	8,106	3,729
Increase / (Decrease) in 2021/22	(4,789)	569	5,158	156	1,164	2,258	63,821	66,079
Balance at 31 March 2022 carried forward	31,414	31,521	12,988	6,150	6,172	88,245	381,077	469,322

2020/21	General Fund Balance	Housing Revenue Account	Capital Receipt Reserves	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2020 carried forward	23,073	26,937	7,257	6,500	2,147	65,914	325,655	391,569
Movement in reserves during 2020/21								
Total Comprehensive Income and Expenditure	8,212	5,694	-	-	-	13,906	(2,246)	11,660
Adjustments from income & expenditure charged under the accounting basis to the funding basis (see note 8)	4,918	(1,679)	573	(506)	2,861	6,167	(6,153)	14
Increase / (Decrease) in 2020/21	13,130	4,015	573	(506)	2,861	20,073	(8,399)	11,674
Balance at 31 March 2021 carried forward	36,203	30,952	7,830	5,994	5,008	85,987	317,256	403,243

Balance Sheet

The Balance Sheet shows the value at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority are matched by reserves held by the authority. Reserves are reported in two categories: Usable and Unusable Reserves.

The first category of reserves are usable reserves i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves, and any statutory limitations on their use. The second category of reserves is those that the authority is not able to use to provide services, and includes reserves that hold unrealised gains and losses where amounts only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

The unaudited accounts were issued on 5 September 2022 and the audited accounts were issued on TBC

31 March 2021 £'000		Note	31 March 2022 £'000
	Operational Assets:		
411,124	Council Dwellings		438,085
7,967	HRA Land and Buildings		8,117
73,460	Other Land and Buildings		73,965
4,315	Vehicles, Plant, Furniture and Equipment		7,097
3,368	Infrastructure Assets		5,090
7,687	Community Assets		7,742
	Non-Operational Assets		
1,623	Surplus Assets		1,595
32,477	Assets under Construction		63,148
542,021	Property, Plant and Equipment	14	604,839
9,035	Heritage Assets	15	9,091
10,035	Investment Properties	16	10,301
250	Intangible Assets		533
6,641	Long Term Investments	17	299
7,024	Long Term Debtors	17	56,014
575,006	Long Term Assets		681,077
19,513	Short Term Investments	17	25,528
0	Assets Held for Sale	18	0
16	Inventories		14
23,945	Short Term Debtors	19	5,592
28,390	Cash and Cash Equivalents	21	50,727
71,864	Current Assets		81,861
(33,491)	Short Term Creditors	22	(35,835)
(904)	Provision Liabilities payable in less than 1 year	23	(254)
(34,395)	Current Liabilities		(36,089)
(153)	Long Term Creditors		(153)
(3,331)	Provision Liabilities payable in more than 1 year	23	(3,637)
(148,157)	Long Term Borrowing	17	(208,157)
(12)	Other Long Term Liabilities	17	0
(7,733)	Capital External Grants/Contributions in Advance	34	(11,852)
(49,846)	Net Pensions Liability	39	(33,727)
(209,232)	Long Term Liabilities		(257,526)
403,243	Net Assets		469,323
85,987	Usable Reserves	33	88,246
317,256	Unusable Reserves	24	381,077
403,243	Total Reserves		469,323

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.

2020/21 £000		Notes	2021/22 £000
(13,906)	Net (Surplus) or deficit on the provision of services		(6,541)
(11,284)	Adjust net (surplus) or deficit on the provision of services for non cash movements	23	(34,691)
10,381	Adjust for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	23	7,208
(14,809)	Net cash flows from Operating Activities		(34,025)
13,794	Investing Activities	24	69,035
2,738	Financing Activities	25	(57,347)
1,723	Net (increase) or decrease in cash and cash equivalents		(22,337)
(30,113)	Cash and cash equivalents at the beginning of the reporting period		(28,390)
(28,390)	Cash and cash equivalents at the end of the reporting period		(50,727)

Notes to the Accounts

1. Accounting Policies

General Principles

The content, layout and general rules used to prepare these accounts comply with the Code of Practice on Local Authority Accounting 2021/22 issued by the Chartered Institute of Public Finance, and Accountancy (CIPFA) in accordance with International Financial Reporting Standards (IFRSs).

Basis of Preparation

The Statement of Accounts is prepared on a “going concern” basis. This is the assumption that the Council will continue in operational existence for the foreseeable future.

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

Accruals of Income and Expenditure

The Council's Accruals Policy was revised in 2018/19 and as such the following is applicable.

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date when supplies are received and their consumption, they are carried as inventories on the balance sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments, and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows or determined by the contract.
- When revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet, subject to a de-minimis limit of £10k for non-system generated accruals. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Where system generated accruals are created when revenue and expenditure have been recognised, but cash has not been received, or paid a debtor or creditor for the relevant amount is recorded in the Balance Sheet, a de-minimis limit is not applicable. In a similar fashion to non-system generated accruals; where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Exceptions to the above rule include:

- Items paid for on an annual or periodic basis (e.g. subscriptions, insurance premiums, etc.) where the accounts still show an annual equivalent cost.
- Housing benefit payments are paid every four weeks - where a payment run spans the year end it is accounted for in the year that it is included in the Government's annual Housing Benefit Subsidy claim, so that income and expenditure are recorded in the same period.
- Expenditure items funded from grants and reserves.

It is not expected that these exceptions or the de-minimis limit will be material to the overall accounting position.

Cash and Cash Equivalents

Cash is represented by cash at bank, and on-demand deposits with financial institutions. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash with an insignificant risk of change in value.

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

Charges to Revenue for Non-Current Assets

Services 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.

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, equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced with the minimum revenue provision (MRP) in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Council Tax and Non-Domestic Rates

The Council, as a billing authority, acts as an agent collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as a principal, collecting council tax and NDR for itself. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund, is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

Employee Benefits

Benefits Payable During Employment

The accounts reflect entitlements that have been earned by employees, such as salaries and wages, as a consequence of the service completed by them by 31 March each year even if the Council would never normally pay them, such as annual leave and time-off in lieu not taken at the year end. These are accrued for and shown in the net cost of services in the Comprehensive Income and Expenditure Statement.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date, or an officer's decision to accept voluntary redundancy. Termination benefits are recognised immediately as an expense to the service in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer, or when it recognises the cost of a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or the pensioner in the year, not the amount calculated according to the relevant accounting standards.

Post-Employment Benefits

Most employees of the Council are members of the Local Government Pension Scheme, administered by Warwickshire County Council. This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government Pension Scheme is accounted for as a defined benefits scheme.

The liabilities of the Warwickshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis, using the projected unit credit 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 etc. and projections of future earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 2.7% (2.0% in 2020/21) at the IAS19 valuation date.

The assets of the Warwickshire County Council 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.
- Unlisted securities – current bid price.
- Property – market value.

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

Service Cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities arising from scheme amendment, or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- Net interest on the net defined liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements comprising:

- Return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation, or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

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

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

Discretionary Benefits

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

Events after the Balance Sheet Date

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

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

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

Fair Value

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 share holdings 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 or transfer 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 an asset or liability.

The authority measures 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 authority 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 appropriate 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 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.

- Level 2 inputs – inputs other than quoted prices included within the Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

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 are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective 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 any borrowings that the authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest), and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial Assets

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

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

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains or losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The authority recognises expected credit losses on all its financial assets held at amortised cost, either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

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

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis.

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

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

Any gains and losses that arise on the de-recognition of the asset, are credited or debited to the Financing and Investment Income and Expenditure in the CIES.

Soft Loans under Financial Instruments

Any loans made by the Council at less than market rates are called “soft loans”. It has been determined that the few soft loans that the Council has e.g. car loans to employees or loans to private householders for disabled adaptations, require no adjustment to the accounts as they are de-minimis.

Government Grants and Contributions

Grants and contributions relating to capital and revenue expenditure are accounted for on an accruals basis, and recognised in the Comprehensive Income and Expenditure Statement as income, except where the grant or contribution has conditions that have not been satisfied. General Grants and contributions (e.g. the Revenue Support Grant) are included in the Comprehensive Income and Expenditure Statement as non-ring-fenced Government grants. Specific grants and contributions are included as income for the relevant service area.

Where a grant or contribution has conditions outstanding at the Balance Sheet date the grant is held either as a receipt in advance, if not fulfilling the conditions would result in the return of the grant, or as an earmarked reserve.

Capital grants credited to the Comprehensive Income and Expenditure Statement are reversed out of the General Fund Balance in the Movement in Reserves Statement. Unapplied grant is posted to the Capital Grants Unapplied Reserve; applied grant is posted to the Capital Adjustment Account.

Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy, with the exceptions of amounts applied to meet administrative expenses in accordance with the CIL Regulations, will be used to fund a number of infrastructure projects to support the development of the area (these include transport, schools and digital infrastructure). Where some or all a chargeable development takes place in a parish area, 15% of the income is passed to the relevant parish/town council – the Council acts as an agent for these amounts.

CIL is received without outstanding conditions. It is, therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for Government Grants and Contributions.

Heritage Assets

Heritage assets are assets that have historical, artistic, scientific, technological, geographical or environmental qualities that are held in trust for future generations because of their cultural, environmental or historical associations and contribution to knowledge and culture. They include museum collections, historic buildings and public works of art.

Recognition and Measurement

Heritage assets are held at fair value. High value items are valued by an appropriately qualified person. Low value items are held at an internally agreed nominal value of £50.

Heritage assets included in the Balance Sheet are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at year-end but as a minimum every five years. Increases and decreases in valuations are accounted for in accordance with the Council's policies for the revaluation of Property, Plant and Equipment as set out in the Property, Plant and Equipment section of the Accounting Policies Note.

Heritage assets that are used in the on-going delivery of the Council's services, such as parks and open space are not categorised as heritage assets, but are classified as operational assets within Property, Plant and Equipment, and are accounted for in accordance with the Council's accounting policies.

Depreciation, Amortisation and Impairment

Depreciation and amortisation are not required on heritage assets that are deemed to have indeterminate lives. Depreciation is charged on heritage assets with a determinate life using a straight-line allocation basis over the useful life of the asset, as estimated by the valuer or a suitably qualified officer.

The carrying amount of an item is reviewed where there is evidence of impairment, for example, where it has suffered physical deterioration, breakage or doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general accounting policies on impairment set out in these statements.

Disposal

Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts as set out the Council's general accounting policies in these statements.

Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year end. Revaluation gains and losses 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.

Rental income received is credited to the Financing and Investment Income line, and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses, are therefore, reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

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 asset to the Council. 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.

The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services using the leased asset. Charges are made on a straight-line basis over the life of the lease.

The Council as Lessor

It has been determined that all leases where the Council is the lessor are operating leases and are accounted for as described in the following paragraph.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease. Where identifiable, initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Overheads and Support Services

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

- Corporate and Democratic Core - costs relating to the Council's status as a multi-functional, democratic organisation.
- Non-Distributed Costs - the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

Prior Period Adjustments, Changes in Accounting Policy and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

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

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

Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of PPE is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense as it is incurred.

For accounting purposes, the Council has the following de-minimis limits in relation to capital expenditure:

- On land and buildings - £20,000
- On vehicles, plant, or equipment - £5,000.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- Community Assets (e.g. land and buildings purchased for the benefit of the community and with little or no prospect of ever being disposed of) and Infrastructure Assets (e.g. Flood Alleviation Works) and Assets Under Construction - depreciated historical cost.
- Housing Stock (Dwellings) – current value determined using the basis of existing use value for social housing (EUV-SH)
- Council Offices – current value, determined as the amount that would be paid for the asset in existing use (EUV)
- All other assets – current value determined as the amount that would be paid for the asset in its existing use (EUV)
- Surplus Assets – current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.

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

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains may be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of an impairment loss previously charged to a service.

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

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

Impairment

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

Where impairment losses are identified, they are accounted for by:

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

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

Depreciation

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

Depreciation is calculated on the following bases:

- Council Houses – component depreciation method,
- Other buildings – straight line allocation over the useful life of the property as estimated by the valuers.
- Vehicles, plant, furniture and equipment – straight line allocation over the useful asset life as advised by a suitably qualified officer.
- Infrastructure – straight line allocation over 40 years or as appropriate to the relevant asset.
- Community Assets – Straight line allocation over a maximum life of 100 years.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The policy adopted is as follows:

- Where there is more than one significant component part of the same asset with the same useful life, such component parts will be grouped together for depreciation purposes.
- A component may be an individual item or similar items with similar useful lives grouped.
- Where a component is replaced or restored, the carrying amount of the old component will be derecognised and the new component added. Where the carrying value of the derecognised/replaced component is not known a best estimate will be determined by reference to the current cost.
- Any future revaluation gains and losses will be applied across components as appropriate.

Housing Revenue Account

- Council Dwellings - Depreciation is calculated and charged in accordance with proper practices including separation of the housing stock into significant components for depreciation purposes, where the components have different useful lives to the remainder of the asset.
- Other Housing Revenue Account Assets – the approach outlined below for General Fund assets will be adopted.

General Fund

- Components of an asset will be separated where their value is significant in relation to the total value of the asset and where those components have different useful lives to the remainder of the asset for depreciation purposes. The Council applies a de-minimis threshold for componentisation purposes: all assets with a Current Net Book Value of less than £500,000 will not be assessed for componentisation on the grounds that the difference in depreciation will be limited.

Disposals and Non-Current Assets Held for Sale

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

The asset is revalued immediately before reclassification at existing use value (EUV) and then carried at the lower of this amount and fair value i.e. market value, less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on the Provision of Services. Depreciation is not charged on Assets Held for Sale

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement thus calculating the gain or loss on the disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of the £10,000 capital receipts de-minimis limit are categorised as capital receipts. Under the 'Self Financing' regime receipts relating to housing disposals are shared between the Council and Government. The Council's share of the receipt is required to be credited to the

Capital Receipts Reserve. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

Provisions, Contingent Liabilities and Contingent Assets

Provisions

The Council puts amounts of money aside as a provision to meet specific service payments. For these amounts to count as provisions, they need to pass three tests:

- They must be the result of a past event
- A reliable estimate can be made
- There must be a clear responsibility to make this future payment because of the past event.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council becomes aware that it is probable a payment will be required. The provision is based on the best estimate of the likely settlement at the Balance Sheet date. When payments are made, they are charged to the provision already set up in the Balance Sheet.

Contingent Liabilities

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

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

Contingent Assets

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

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

Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance 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 in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The relevant amount from the reserve is then appropriated back into the General Fund Balance and Housing Revenue Account in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

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

Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset, e.g. Rural and Urban Capital Improvement Scheme Grants, has been 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 Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

Value Added Tax (VAT)

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

Apprenticeship Levy

From 1 April 2017, the Council has made payments to HMRC in relation to the national Apprenticeship Levy. The full cost of the Levy will be recognised as a direct cost of employment in the Comprehensive Income and Expenditure Statement when it is paid to HMRC. When funds are transferred from the Government's Digital Apprenticeship Account to an approved training provider a training expense up to the value of the training provided, with a corresponding entry for a government grant, will be recognised in the Comprehensive Income and Expenditure Statement against the service benefiting from the training.

Rounding

Values throughout these accounts are presented rounded to whole numbers. Totals in supporting tables and notes may not appear to cast, cross-cast, or exactly match to the core statements or other tables due to rounding differences.

2. Accounting Standards that have been Issued but have not yet been adopted

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

- **IFRS 1 First Time Adoption :** - will be amended in relationship to foreign operations. This will not impact the council.
- **IFRS 37 Onerous Contracts:** - amended to clarify the intention. This will have no material effect on the Council.
- **IAS 41 Agriculture:** - This does not impact on the Council.
- **IFRS 16 Leases:** - will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). The Council has a small number of operational leases in place which will be assessed in preparation of this new accounting treatment, but it is not anticipated these changes will have a material impact on the financial statements. CIPFA/LASAAC have deferred implementation of IFRS16 for local government to 2024/25 and will apply from 1 April 2024.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- Uncertainty around future funding levels is not yet sufficient to provide an indication that assets of the Council might be impaired because of the need to close facilities and reduce levels of service provision.
- The Council has entered joint ventures with PSP Warwick LLP and Waterloo Housing Association. An assessment has been undertaken of the relationship with these parties. There is a group relationship with PSP Warwick LLP but transactions during 2020/21 were not considered material for the Council so group accounts have not been prepared. Instead, a disclosure has been included in the Related Parties Note. There was no group relationship with Waterloo Housing Association.
- All the Council's Investment Properties were revalued in 2020/21 and as such it is considered that for the purposes of IFRS13, the carrying value is equal to Fair Value under that standard. The properties were revalued using direct observation of the passing rents on similar properties within the local property market and this equates to a level 2 input according to our valuers Carter Jonas.
- The balance sheet values for the Council's housing stock and other Housing Revenue Account non-current assets, with the exception of equipment and work in progress, are based on a valuation date of 31 March 2022 as these assets are revalued every year for HRA business plan purposes.
- During 2020/21, the Council made long term loans for capital expenditure amounting to £0.100m to various organisations. Due diligence was carried out to ensure that the borrowers' capacity to repay the loans plus interest in a timely manner was adequate. The Council has assessed the impact of COVID-19 and does not believe that this issue requires the loans to be impaired.

4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment - Asset Life	Assets are depreciated by type over standardised useful lives. These lives are dependent on the individual asset condition and assumptions about the level of repairs and maintenance that will be incurred.	Were the asset valuations to differ from those included within the Statement of Accounts, the carrying amount of the asset would change as follows: 2% £10.379m 5% £25.947m 10% £51.893m Currently, the Revaluation Reserve balance is £140.211m, which would change by the amount of any respective movement in valuation.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment - Depreciation	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on capital enhancements and repairs and maintenance, bringing into doubt the useful lives assigned to assets.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £225k for every year that the useful lives had to be reduced.</p>
Arrears	At 31 March 2022, the Council had a balance of arrears of Housing Rents, Council Tax, Business Rates and other sundry debtors of £8.231m. A review of the above suggested that an impairment of doubtful debts of 42.06% (£3.462m) 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, a doubling of the amount of the impairment of doubtful debts would require an additional £3.462m to be set aside as an allowance.
Provisions	<p>The Council has made provisions for insurance cover in respect of outstanding liability claims from the public, employees and HRA tenants. The extent of the provisions relates to the excess on existing claims as at 31 March 2022 where such excesses have been negotiated when agreeing premiums.</p> <p>Following the introduction of the retention of business rates scheme new provisions have been created to provide for the potential successful appeals against rateable values.</p>	An increase over the forthcoming year of 10% in settlements would have the effect of adding £0.389m to the provisions needed.
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.</p> <p>Warwickshire County Council utilise a firm of consulting actuaries Hymans Robertson LLP to provide all Warwickshire authorities with expert advice about the assumptions to be applied.</p>	<p>The effect of changes in these estimates on the net pension liability of the Council are reviewed on an ongoing basis.</p> <p>The actuaries model thousands of possible outcomes in order to establish the long-term estimates</p> <p>The Council will use information from the Pensions actuary to set the employer's pension contribution rates to ensure that pension liabilities are met.</p> <p>A sensitivity analysis upon other variables affecting the net liability is set out in Note 39 Defined Benefit Pension Schemes.</p>

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price supported by a professional valuation.

5. Events After the Reporting Period

Events taking place after the Reporting date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Accounts are authorised for issue. The Statement of Accounts will be authorised for issue by the Head of Finance on 2 September 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events took place before this date, provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

As at 31 March 2022 there are two key events after the Reporting Period for the Council to disclose.

South Warwickshire District Council – Merger between Warwick District Council and Stratford-on-Avon District Council.

A New Management Structure was implemented on 12 May 2022 following the recommendation from the Leaders of both Warwick District Council and Stratford upon Avon District Council to withdraw the request to merge and create South Warwickshire District Council.

Warwick District Council and Stratford upon Avon District Council Joint Waste Contract.

During 2022/23, Warwick District Council and Stratford upon Avon District Council entered into a joint contract with Biffa Waste Services Ltd for the collection of waste commencing 1 August 2022. The duration of the contract is for eight years. The vehicles used within the contract were jointly purchased and owned by the two authorities. Vehicle and operational costs are / will be apportioned between the authorities accordingly.

6. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Portfolio:	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
2021/22	£000	£000	£000
Assets	632	467	1,099
Community Protection	1,701	1,199	2,900
Culture, Tourism & Leisure	3,999	(279)	3,720
Development Services	391	559	950
Environment & Operations	7,428	734	8,162
Finance	372	16	388
Housing Services - GF	737	246	983
Housing Services - HRA	(5,319)	(2,623)	(7,942)
ICT Services	(54)	247	193
Law & Governance	1,273	90	1,363
People and Communication	(190)	201	11
Place & Economy	1,580	838	2,418
Revenues & Customer Services	1,261	374	1,635
Strategic Leadership	1,114	4,957	6,071
Net Costs of Services	14,925	7,026	21,951
Other Operating Income and Expenditure	(10,592)	(17,900)	(28,492)
(Surplus) or Deficit	4,333	(10,874)	(6,541)
	General Fund	HRA	Total
Opening Balance	(36,203)	(30,952)	(67,155)
Less/Plus Surplus / (Deficit)	4,789	(568)	4,221
Closing Balance at 31 March 2022	(31,414)	(31,520)	(62,934)

Restatement of 2020/21	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
Portfolio:	£'000	£'000	£'000
Assets	137	355	492
Community Protection	(631)	2,020	1,389
Culture, Tourism & Leisure	2,773	775	3,548
Development Services	666	301	967
Environment & Operations	5,838	771	6,609
Finance	(1,148)	(1,718)	(2,866)
Housing Services - GF	3,426	98	3,524
Housing Services - HRA	(8,537)	(1,080)	(9,617)
ICT Services	(51)	188	137
Law & Governance	1,589	30	1,619
People and Communication	136	68	204
Place & Economy	1,201	621	1,822
Revenues & Customer Services	1,583	122	1,705
Strategic Leadership	1,042	571	1,613
Net Costs of Services	8,024	3,122	11,146
Other Income and Expenditure	(25,027)	(25)	(25,052)
(Surplus) or Deficit	(17,003)	3,097	(13,906)
	General Fund	HRA	Total
Opening Balance	(23,055)	(26,954)	(50,009)
Less/Plus Surplus / (Deficit)	(13,130)	(4,015)	(17,145)
Closing Balance at 31 March 2021	(36,185)	(30,969)	(67,154)

¹ The 2020/21 figures have been restated to reflect the updated cabinet portfolios. For further information, please see note 7 - prior period adjustments.

Note to the Expenditure and Funding Analysis:

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Accounts	Adjustments for Capital Purposes (Note 1) £000	Net change for the Pension Adjustment (Note 2) £000	Other Adjustments (Note 3) £000	Total Adjustments £000
Assets	(281)	(193)	7	(467)
Community Protection	(798)	(409)	8	(1,199)
Culture, Tourism & Leisure	655	(378)	2	279
Development Services	(107)	(462)	10	(559)
Environment & Operations	(387)	(358)	11	(734)
Finance	101	(123)	6	(16)
Housing Services - GF	(26)	(226)	6	(246)
Housing Services - HRA	3,274	(660)	9	2,623
ICT Services	(2)	(249)	4	(247)
Law & Governance	(1)	(89)	-	(90)
People and Communication	(12)	(193)	4	(201)
Place & Economy	(575)	(267)	4	(838)
Revenues & Customer Services	-	(386)	12	(374)
Strategic Leadership	(4,817)	(145)	5	(4,957)
Net Cost Of Services	(2,976)	(4,138)	88	(7,026)
Other income and expenditure from the Expenditure and Funding Analysis	12,185	(1,060)	6,775	17,900
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	9,209	(5,198)	6,863	10,874

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Accounts	Adjustments for Capital Purposes (Note 1) £000	Net change for the Pension Adjustment (Note 2) £000	Other Adjustments (Note 3) £000	Total Adjustments £000
Assets	(284)	(95)	(4)	(383)
Benefits & Customer Services	-	(121)	(1)	(122)
Cultural Services	(694)	(83)	2	(775)
Development Services	(709)	(198)	(4)	(911)
Finance	1,803	(82)	(3)	1,718
Health & Community Protection	(1,902)	(118)	-	(2,020)
Housing Services - HRA	1,268	(180)	(8)	1,080
Housing Services - General Fund	(57)	(69)	(2)	(128)
ICT	(122)	(65)	(1)	(188)
Neighbourhood Services	(633)	(92)	1	(724)
People and Communication	(11)	(55)	(2)	(68)
Strategic Leadership	(527)	(68)	(2)	(597)
Net Cost Of Services	(1,868)	(1,226)	(24)	(3,118)
Other income and expenditure from the Expenditure and Funding Analysis	6,925	(971)	(6,075)	(121)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	5,057	(2,197)	(6,099)	(3,239)

¹ The 2020/21 figures have been restated to reflect the updated cabinet portfolios. For further information, please see note 7 - prior period adjustments.

Adjustments for Capital Purposes

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

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on the 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 receivables 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 Changes for the Pensions Adjustments

Net changes 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 Council 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 Comprehensive Income and Expenditure Statement.

Other Differences

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

- 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 receivable 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.

Segmental Income

Income received on a segmental basis is analysed below:

Portfolio	2021/22 Income from Services £000	2020/21 Restated(1) Income from Services £000
Assets	(621)	(401)
Community Protection	(931)	(447)
Culture, Tourism & Leisure	(2,011)	(592)
Development Services	(2,902)	(2,146)
Environment & Operations	(7,572)	(5,391)
Finance	(1,329)	(142)
Housing Services - GF	(1,769)	(506)
Housing Services - HRA	(40,810)	(28,417)
ICT Services	(94)	(53)
Law & Governance	(209)	1
People and Communication	(85)	(30)
Place & Economy	(550)	(716)
Revenues & Customer Services	7,566	(237)
Strategic Leadership	(414)	(68)
Total income analysed on a segmental basis	(51,731)	(39,145)

7. Prior Year Adjustments

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change, and do not give rise to a prior period adjustment.

Warwick District Council changed the profile of its Portfolio's within the accounting year 2021/22. In order to provide meaningful comparative information, the 2021/22 CIES, EFA, Notes to the EFA and Segmented Income figures have been restated to reflect the new Portfolio's.

Comprehensive Income and Expenditure Statement 2020/21 restated to 2021/22 Portfolio.

Restatement of 2019/20 - Comprehensive Income & Expenditure Statement				
Portfolio as reported 2019/20	As reported in 2019/20 statement	Movement between Portfolios	As reported in 2020/21 Statement	Revised Portfolio Reported 2020/21
	£000	£000	£000	
Net Expenditure				
Cultural Services	2,899	1	2,900	Cultural Services
Business (Development Service)	5,620	(5,620)	-	
Development Services	1,303	2,029	3,332	Development Services
Finance	2,790	(1,688)	1,102	Finance
		1,686	1,686	Benefits & Customer Services
Health & Community Protection	3,123	12	3,135	Health & Community Protection
Housing Revenue Account	(8,852)	-	(8,852)	Housing Revenue Account
Housing Services General Fund	1,541	-	1,541	Housing Services - General Fund
Neighbourhood Services	6,011	250	6,261	Neighbourhood Services
Strategic Leadership	2,125	3,743	5,868	Strategic Leadership
		(13)	(13)	ICT
		-	-	People and Communication
		(400)	(400)	Assets
Cost of Services	16,560	0	16,560	
Gross Expenditure				
Cultural Services	5,483	-	5,483	Cultural Services
Business (Development Service)	6,486	(6,486)		
Development Services	3,790	2,895	6,685	Development Services
Finance	29,349	(28,195)	1,154	Finance
		28,194	28,194	Benefits & Customer Services
Health & Community Protection	3,687	12	3,699	Health & Community Protection
Housing Revenue Account	19,270	-	19,270	Housing Revenue Account
Housing Services General Fund	3,248	-	3,248	Housing Services - General Fund
Neighbourhood Services	11,897	(1,401)	10,496	Neighbourhood Services
Strategic Leadership	3,331	3,355	6,686	Strategic Leadership
		63	63	ICT
		46	46	People and Communication
		1,517	1,517	Assets
Cost of Services	86,541	0	86,541	
Gross Income				
Cultural Services	(2,584)	1	(2,583)	Cultural Services
Business (Development Service)	(866)	866		
Development Services	(2,487)	(866)	(3,353)	Development Services
Finance	(26,559)	26,507	(52)	Finance
		(26,508)	(26,508)	Benefits & Customer Services
Health & Community Protection	(564)	-	(564)	Health & Community Protection
Housing Revenue Account	(28,122)	-	(28,122)	Housing Revenue Account
Housing Services General Fund	(1,707)	-	(1,707)	Housing Services - General Fund
Neighbourhood Services	(5,886)	1,651	(4,235)	Neighbourhood Services
Strategic Leadership	(1,206)	388	(818)	Strategic Leadership
		(76)	(76)	ICT
		(46)	(46)	People and Communication
		(1,917)	(1,917)	Assets
Cost of Services	(69,981)	0	(69,981)	

Note 6 – Expenditure and Funding Analysis 2020/21 restated to 2021/22 Portfolio.

Restatement of 2020/21 - Note 6 Expenditure and Funding Analysis				
Portfolio as reported 2020/21	As reported in 2020/21 statement £000	Movement between Portfolios £000	As reported in 2021/22 Statement £000	Revised Portfolio Reported 2021/21
Net Expenditure Chargeable to the General Fund and HRA Balances				
Assets	(1,504)	1,641	137	Assets
Health & Community Protection	1,899	(2,530)	(631)	Community Protection
Cultural Services	2,665	108	2,773	Culture, Tourism & Leisure
Development Services	2,023	(1,357)	666	Development Services
Neighbourhood Services	6,768	(930)	5,838	Environment & Operations
Finance	2,989	(4,137)	(1,148)	Finance
Housing Services - General Fund	1,206	2,220	3,426	Housing Services - GF
Housing Services - HRA	(8,537)	-	(8,537)	Housing Services - HRA
ICT	(51)	-	(51)	ICT Services
	-	1,589	1,589	Law & Governance
People and Communication	136	-	136	People and Communication
	-	1,201	1,201	Place & Economy
Benefits & Customer Services	1,579	4	1,583	Revenues & Customer Services
Strategic Leadership	(1,687)	2,729	1,042	Strategic Leadership
Net Costs of Services	7,486	538	8,024	
Other Income and Expenditure	(24,631)	(396)	(25,027)	Other Income and Expenditure
(Surplus) or Deficit	(17,145)	142	(17,003)	
Portfolio as reported 2020/21	As reported in 2020/21 statement £000	Movement between Portfolios £000	As reported in 2021/22 Statement £000	Revised Portfolio Reported 2021/21
Adjustments between the Funding and Accounting Basis				
Assets	383	(28)	355	Assets
Health & Community Protection	2,020	-	2,020	Community Protection
Cultural Services	775	-	775	Culture, Tourism & Leisure
Development Services	911	(610)	301	Development Services
Neighbourhood Services	724	47	771	Environment & Operations
Finance	(1,718)	-	(1,718)	Finance
Housing Services - General Fund	128	(30)	98	Housing Services - GF
Housing Services - HRA	(1,080)	-	(1,080)	Housing Services - HRA
ICT	188	-	188	ICT Services
	-	30	30	Law & Governance
People and Communication	68	-	68	People and Communication
	-	621	621	Place & Economy
Benefits & Customer Services	122	-	122	Revenues & Customer Services
Strategic Leadership	597	(26)	571	Strategic Leadership
Net Costs of Services	3,118	4	3,122	
Other Income and Expenditure	121	(146)	(25)	Other Income and Expenditure
(Surplus) or Deficit	3,239	(142)	3,097	
Portfolio as reported 2020/21	As reported in 2020/21 statement £000	Movement between Portfolios £000	As reported in 2021/22 Statement £000	Revised Portfolio Reported 2021/21
Net Expenditure in the Comprehensive Income and Expenditure Statement				
Assets	(1,121)	1,613	492	Assets
Health & Community Protection	3,919	(2,530)	1,389	Community Protection
Cultural Services	3,440	108	3,548	Culture, Tourism & Leisure
Development Services	2,934	(1,967)	967	Development Services
Neighbourhood Services	7,492	(883)	6,609	Environment & Operations
Finance	1,271	(4,137)	(2,866)	Finance
Housing Services - General Fund	1,334	2,190	3,524	Housing Services - GF
Housing Services - HRA	(9,617)	-	(9,617)	Housing Services - HRA
ICT	137	-	137	ICT Services
	-	1,619	1,619	Law & Governance
People and Communication	204	-	204	People and Communication
	-	1,822	1,822	Place & Economy
Benefits & Customer Services	1,701	4	1,705	Revenues & Customer Services
Strategic Leadership	(1,090)	2,703	1,613	Strategic Leadership
Net Costs of Services	10,604	542	11,146	
Other Income and Expenditure	(24,510)	(542)	(25,052)	Other Income and Expenditure
(Surplus) or Deficit	(13,906)	-	(13,906)	

Note 6 – Note to the Expenditure and Funding Analysis 2020/21 restated to 2021/22 Portfolio

Restatement of 2020/21- Note 6 Expenditure and Funding Analysis				
Portfolio as reported 2020/21	As reported in 2020/21 statement £000	Movement between Portfolios £000	As reported in 2021/22 Statement £000	Revised Portfolio Reported 2021/22
Adjustments for Capital Purposes				
Assets	(284)	(1)	(285)	Assets
Health & Community Protection	(1,902)	-	(1,902)	Community Protection
Cultural Services	(694)	-	(694)	Culture, Tourism & Leisure
Development Services	(709)	543	(166)	Development Services
Neighbourhood Services	(633)	(32)	(665)	Environment & Operations
Finance	1,803	-	1,803	Finance
Housing Services - General Fund	(57)	30	(27)	Housing Services - GF
Housing Services - HRA	1,268	-	1,268	Housing Services - HRA
ICT	(122)	-	(122)	ICT Services
	-	(2)	(2)	Law & Governance
People and Communication	(11)	-	(11)	People and Communication
	-	(543)	(543)	Place & Economy
Benefits & Customer Services	-	-	-	- Revenues & Customer Services
Strategic Leadership	(527)	2	(525)	Strategic Leadership
Net Costs of Services	(1,868)	(3)	(1,871)	
Other income and expenditure from the Expenditure and Funding Analysis	6,925	4	6,929	Other income and expenditure from the Expenditure and Funding Analysis
Difference between General Fund surplus or deficit and CIES Surplus or Deficit on the Provision of Services	5,057	1	5,058	Difference between General Fund surplus or deficit and CIES Surplus or Deficit on the Provision of Services
Portfolio as reported 2020/21	As reported in 2020/21 statement £000	Movement between Portfolios £000	As reported in 2021/22 Statement £000	Revised Portfolio Reported 2021/22
Adjustments between the Funding and Accounting Basis				
Assets	(95)	28	(67)	Assets
Health & Community Protection	(118)	-	(118)	Community Protection
Cultural Services	(83)	-	(83)	Culture, Tourism & Leisure
Development Services	(198)	66	(132)	Development Services
Neighbourhood Services	(92)	(16)	(108)	Environment & Operations
Finance	(82)	-	(82)	Finance
Housing Services - General Fund	(69)	-	(69)	Housing Services - GF
Housing Services - HRA	(180)	-	(180)	Housing Services - HRA
ICT	(65)	-	(65)	ICT Services
	-	(27)	(27)	Law & Governance
People and Communication	(55)	-	(55)	People and Communication
	-	(75)	(75)	Place & Economy
Benefits & Customer Services	(121)	-	(121)	Revenues & Customer Services
Strategic Leadership	(68)	23	(45)	Strategic Leadership
Net Costs of Services	(1,226)	(1)	(1,227)	
Other income and expenditure from the Expenditure and Funding Analysis	(971)	-	(971)	Other income and expenditure from the Expenditure and Funding Analysis
Difference between General Fund surplus or deficit and CIES Surplus or Deficit on the Provision of Services	(2,197)	(1)	(2,198)	Difference between General Fund surplus or deficit and CIES Surplus or Deficit on the Provision of Services

Portfolio as reported 2020/21	As reported in 2020/21 statement £000	Movement between Portfolios £000	As reported in 2021/22 Statement £000	Revised Portfolio Reported 2021/22
Other Adjustments				
Assets	(4)	1	(3)	Assets
Health & Community Protection	-	-	-	- Community Protection
Cultural Services	2	-	2	2 Culture, Tourism & Leisure
Development Services	(4)	1	(3)	Development Services
Neighbourhood Services	1	1	2	2 Environment & Operations
Finance	(3)	-	(3)	Finance
Housing Services - General Fund	(2)	-	(2)	Housing Services - GF
Housing Services - HRA	(8)	-	(8)	Housing Services - HRA
ICT	(1)	-	(1)	ICT Services
	-	(1)	(1)	Law & Governance
People and Communication	(2)	-	(2)	People and Communication
	-	(3)	(3)	Place & Economy
Benefits & Customer Services	(1)	-	(1)	Revenues & Customer Services
Strategic Leadership	(2)	1	(1)	Strategic Leadership
Net Costs of Services	(24)	-	(24)	
Other income and expenditure from the Expenditure and Funding Analysis	(6,075)	-	(6,075)	Other income and expenditure from the Expenditure and Funding Analysis
Difference between General Fund surplus or deficit and CIES Surplus or Deficit on the Provision of Services	(6,099)	0	(6,099)	Difference between General Fund surplus or deficit and CIES Surplus or Deficit on the Provision of Services
Portfolio as reported 2020/21	As reported in 2020/21 statement £000	Movement between Portfolios £000	As reported in 2021/22 Statement £000	Revised Portfolio Reported 2021/22
Total Adjustments				
Assets	(383)	28	(355)	Assets
Health & Community Protection	(2,020)	-	(2,020)	Community Protection
Cultural Services	(775)	-	(775)	Culture, Tourism & Leisure
Development Services	(911)	610	(301)	Development Services
Neighbourhood Services	(724)	(47)	(771)	Environment & Operations
Finance	1,718	-	1,718	Finance
Housing Services - General Fund	(128)	30	(98)	Housing Services - GF
Housing Services - HRA	1,080	-	1,080	Housing Services - HRA
ICT	(188)	-	(188)	ICT Services
	-	(30)	(30)	Law & Governance
People and Communication	(68)	-	(68)	People and Communication
	-	(621)	(621)	Place & Economy
Benefits & Customer Services	(122)	-	(122)	Revenues & Customer Services
Strategic Leadership	(597)	26	(571)	Strategic Leadership
Net Costs of Services	(3,118)	(4)	(3,122)	
Other income and expenditure from the Expenditure and Funding Analysis	(121)	4	(117)	Other income and expenditure from the Expenditure and Funding Analysis
Difference between General Fund surplus or deficit and CIES Surplus or Deficit on the Provision of Services	(3,239)	0	(3,239)	Difference between General Fund surplus or deficit and CIES Surplus or Deficit on the Provision of Services

Note 6 – Segmented Income 2020/21 restated to 2021/22 Portfolio.

Restatement of 2020/21 - Note 6 Expenditure and Funding Analysis				
Portfolio as reported 2020/21	As reported in 2020/21 statement £000	Movement between Portfolios £000	As reported in 2021/22 Statement £000	Revised Portfolio Reported 2021/22
Assets	2,335	(1,934)	401	Assets
Health & Community Protection	495	(48)	447	Community Protection
Cultural Services	592	-	592	Culture, Tourism & Leisure
Development Services	2,863	(717)	2,146	Development Services
Neighbourhood Services	3,259	2,132	5,391	Environment & Operations
Finance	142	-	142	Finance
Housing Services - General Fund	481	25	506	Housing Services - GF
Housing Services - HRA	28,417	-	28,417	Housing Services - HRA
ICT	53	-	53	ICT Services
	-	(1)	(1)	Law & Governance
People and Communication	30		30	People and Communication
	-	716	716	Place & Economy
Benefits & Customer Services	237	-	237	Revenues & Customer Services
Strategic Leadership	593	(173)	420	Strategic Leadership
Total income analysed	39,497	-	39,497	

8. Expenditure and Income Analysed by Nature

The Council's expenditure and income by nature is analysed as follows:

Expenditure / Income	2021/22 £000	2020/21 £000
Expenditure		
Employee benefits expenses	25,127	21,417
Other services expenses	57,219	49,233
Depreciation, amortisation and impairment	15,554	12,502
Interest payments	4,766	4,990
Precepts and Levies	1,431	1,758
Payments to Housing Capital Receipts Pool	961	961
Total Expenditure	105,058	90,861
Income		
Fees, charges and other service income	(51,731)	(39,497)
Gain on the disposal of assets	(2,221)	(2,065)
Interest and investment income	(1,378)	(794)
Income from Council Tax and Business Rates	(11,663)	(5,490)
Government grants and contributions	(44,606)	(56,921)
Total Income	(111,599)	(104,767)
Surplus or Deficit on the Provision of Services	(6,541)	(13,906)

9. Adjustments Between Accounting Basis and Funding Basis Under Regulations

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

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund Balance summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year. However, the balance is not available for funding Housing Revenue Account services.

Housing Revenue Account Balance

The Housing Revenue Account Balance contains the balance of income and expenditure as defined by the Part VI of the Local Government and Housing Act 1989 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

Each year an amount equivalent to the depreciation charge on HRA assets is transferred into this reserve. This reserve can be used to fund capital expenditure to help maintain or improve HRA assets or repay HRA debt.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets that are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure.

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which there are no conditions or 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.

2021/22	Usable Reserves				
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipt Reserves £000	Major Repairs Reserve £000	Capital Grants Unapplied £000
Adjustments to the Revenue Resources					
Amounts by which income and expenditure included in the Comprehensive Income					
■ Pensions costs (transferred to (or from) the Pensions Reserve	(4,369)	(829)	-	-	-
■ Financial instruments (transferred to the Financial Instruments Adjustments Account)					
■ Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	6,775	-	-	-	-
■ Holiday pay (transferred to / (from) the Accumulated Absences Reserve)	79	9	-	-	-
■ Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to revaluation of Financial Instruments	95	-	-	-	-
■ Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(268)	(2,252)	-	-	727
■ Write down long-term debtor loan as a capital receipt					
Total Adjustments to the Revenue Account	2,312	(3,072)	-	-	727
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts	301	3,872	(4,213)	-	-
Payments to the government housing receipts pool (funded by a transfer from the Posting of HRA resources from Revenue to the Major Repairs Reserve	(961)	-	961	-	-
Capital expenditure financed from revenue balances (transfer to the Capital	3,068	3,257	-	(6,150)	-
Total Adjustments between Revenue and Capital Resources	2,408	7,129	(3,252)	(6,150)	-
Adjustments to Capital Resources					
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	2,957	-	-
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	5,995	-
Application of capital grants unapplied credited to the CIES	1,890	-	-	-	(1,889)
Total Adjustments to Capital Resources	1,890	-	2,957	5,995	(1,889)
Total Adjustments	6,610	4,057	(295)	(155)	(1,162)

2019/20	Usable Reserves				
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipt Reserves £000	Major Repairs Reserve £000	Capital Grants Unapplied £000
Adjustments to the Revenue Resources					
Amounts by which income and expenditure included in the Comprehensive Income					
■ Pensions costs (transferred to (or from) the Pensions Reserve	(1,879)	(319)	-	-	-
■ Financial instruments (transferred to the Financial Instruments Adjustments Account)					
■ Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	(7,385)	-	-	-	-
■ Holiday pay (transferred to / (from) the Accumulated Absences Reserve)	(16)	(8)	-	-	-
■ Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to revaluation of Financial Instruments	1,310	-	-	-	-
■ Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(2,577)	(1,495)	-	-	738
Total Adjustments to the Revenue Account	(10,547)	(1,822)	-	-	738
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts	(2)	2,332	(2,346)	-	-
Payments to the government housing receipts pool (funded by a transfer from the Posting of HRA resources from Revenue to the Major Repairs Reserve	(961)	-	961	-	-
Capital expenditure financed from revenue balances (transfer to the Capital	2,992	1,169	-	(6,021)	-
Total Adjustments between Revenue and Capital Resources	2,029	3,501	(1,385)	(6,021)	-
Adjustments to Capital Resources					
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	812	-	-
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	6,527	-
Application of capital grants to finance capital expenditure	3,600	-	-	-	(3,599)
Total Adjustments to Capital Resources	3,600	-	812	6,527	(3,599)
Total Adjustments	(4,918)	1,679	(573)	506	(2,861)

10. Movements in 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 in 2020/21:

	Balance at 1 April 2021 £000	Transfers Out 2021/22 £000	Transfers In 2021/22 £000	Balance at 31/03/2022 £000
General Fund:				
Art Fund Reserve				-
Art Gallery Gift Reserve	132	-	-	132
Building Control Reserve	368	-	105	473
Business Rate Retention Volatility Reserve	18,110	(12,141)	4,303	10,272
Capital Investment Reserve	1,256	-	100	1,356
Car Park Displacement Reserve	485	(209)	-	276
Car Parks Repairs & Maintenance Reserve	139	-	-	139
Cemetery Land Purchase Reserve	28	-	-	28
Climate Change Reserve	-	(500)	500	-
Commonwealth Games Reserve	-	(64)	600	536
Community Emergency Response Fund Reserve (NEW)	-	-	2	2
Community Forums Reserve	-	-	-	-
Community Projects Reserve	1,210	(854)	-	356
Corporate Assets Reserve	1,401	(512)	-	889
Covent Garden Multi Storey Reserve	900	-	-	900
Digital by Default Reserve	87	(64)	-	23
Earmarked Balances Reserve	1,416	(1,416)	2,533	2,533
Election Expenses Reserve	40	-	35	75
Energy Management Reserve				-
Enterprise Projects Reserve	238	(20)	-	218
Equipment Renewals Reserve	630	(113)	-	517
G M Commuted Sums Reserve	1,412	(116)	85	1,381
GF Early Retirements Reserve	-	-	-	-
Harbury Lane Reserve	84	-	-	84
Hill Close Gardens Reserve	-	-	-	-
Homelessness Prevention Reserve	785	-	551	1,336
ICT Replacement Reserve	132	(220)	250	162
ICT Service System Alignment Reserve (NEW)	-	-	500	500
Insurance Reserve	274	-	-	274
Investment Volatility Reserve	100	-	-	100
Leisure Options Reserve	395	()	370	765
Local Plan Delivery Reserve	44	()	-	44
Newbold Bench Donation Reserve	10	(4)	-	6
Planning Investment Reserve	-	(253)	263	10
Planning Appeal Reserve	509	(166)	109	452
Public Amenity Reserve	244	-	-	244
Public Open Space Planning Gain Reserve	430	(53)	5	382
Rent Bond Scheme Reserve				-
Revenue Grants / Contributions Received in Advance	345	(126)	-	220
Right to Bid Reserve				-
Right to Challenge Reserve				-
Riverside House Maintenance Reserve	-	-	-	-
Services Transformation Reserve	1,632	(1,212)	1,911	2,330
Tourism Reserve	27	-	-	27
TOTAL GENERAL FUND	32,862	(18,042)	12,222	27,042
HRA:				
HRA Capital Investment Reserve	28,495	(3,184)	3,895	29,206
HRA Early Retirements Reserve	21	-	-	21
HRA Rev Grants/Contribs In Advance Reserve	10	-	-	10
HRA Earmarked Reserves	650	(650)	469	469
HRA Rough Sleeping Initiative	262	-	-	262
TOTAL HRA	29,439	(3,834)	4,364	29,969
TOTAL EARMARKED RESERVES	62,301	(21,876)	16,586	57,011

Some of the significant earmarked reserves, and their purpose are listed below

- **Business Rates Volatility Reserve:** Used to provide finance for “smoothing out” future retained Business Rate revenues.
- **Corporate Assets Reserve:** Used to finance improvements and also major repairs and maintenance to the Council’s General Fund property assets.
- **Community Projects Reserve:** This reserve provides finance for various District-wide community projects.
- **Earmarked Balances Reserve:** This reserve contains unspent budgets relating to specific items which require to be transferred from 2021/22 to 2022/23 due to unavoidable delays etc.
- **Capital Investment Reserve:** Used to provide finance for the Council’s General Fund capital programme not met by other resources e.g. borrowing, capital receipts, revenue contributions, external contributions and other reserves.
- **HRA Capital Investment Reserve:** Used to finance significant council housing projects, including building or acquiring new council homes.

11. Other Operating Income and Expenditure

Gross Expenditure 2020/21 £000	Gross Income 2020/21 £000	Net Expenditure 2020/21 £000		Gross Expenditure 2021/22 £000	Gross Income 2021/22 £000	Net Expenditure 2021/22 £000
1,758	0	1,758	Parish Council Precepts	1,837	0	1,837
			Payments to Government Housing			
961	0	961	Capital Receipts Pool	961	0	961
			Gain or Loss on the disposal of non-			
0	(756)	(756)	current assets	0	(2,627)	(2,627)
2,719	(756)	1,963	Total	2,798	(2,627)	171

12. Financing and Investment Income and Expenditure

Gross Expenditure 2020/21 £000	Gross Income 2020/21 £000	Net Expenditure 2020/21 £000		Gross Expenditure 2021/22 £000	Gross Income 2021/22 £000	Net Expenditure 2021/22 £000
4,990	-	4,990	Interest Payable and similar charges	5,366	(21)	5,345
971	-	971	Pensions Interest Cost	1,060	-	1,060
-	(794)	(794)	Interest Receivable and similar income	709	(2,667)	(1,958)
			Income and expenditure in relation to investment properties and changes in their fair value			
917	(526)	391		496	(1,106)	(610)
			Reversal of Available for sale financial instruments			
-	(1,310)	(1,310)		-	-	-
6,878	(2,630)	4,248		7,631	(3,794)	3,837

13. Taxation and Non Specific Grant Income and Expenditure

Gross Income 2020/21 £000		Gross Income 2021/22 £000
(11,185)	Council Tax income	(11,726)
(17,983)	Non-ringfenced Government Grants	(10,139)
5,695	Non-domestic rates income and expenditure	64
(7,248)	Capital Grants and Contributions	(10,699)
(30,721)		(32,500)

14. Property, Plant and Equipment

Movement on Balances								
Movements in 2021/22								
£000	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
Cost or Valuation								
At 1 April 2021	411,124	88,662	12,929	3,928	8,306	1,994	32,477	559,420
Additions	8,160	616	1,541	871	49	-	30,671	41,908
Revaluation increases / (decreases) recognised in the Revaluation Reserve	21,053	5,816	1,376	950	53	1	-	29,249
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Derecognition - disposals	(2,252)	-	-	-	-	-	-	(2,252)
Assets reclassified (to) / from Other Accounts	-	-	-	-	-	-	-	-
Other movements in cost or valuation	-	-	-	-	-	-	-	-
At 31 March 2022	438,085	95,094	15,846	5,749	8,408	1,995	63,148	628,325
Accumulated Depreciation and Impairment								
At 1 April 2021	-	(7,235)	(8,614)	(560)	(619)	(371)	-	(17,399)
Depreciation charge for year	(5,606)	(3,138)	(135)	(99)	(47)	(29)	-	(9,054)
Depreciation written out to the Revaluation Reserve	5,606	(2,640)	-	-	-	-	-	2,966
Depreciation written out to the Surplus / Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-	-
At 31 March 2022	-	(13,013)	(8,749)	(659)	(666)	(400)	-	(23,487)
Net Book Value								
31 March 2022	438,085	82,081	7,097	5,090	7,742	1,595	63,148	604,838
31 March 2021	411,124	81,427	4,315	3,368	7,687	1,623	32,477	542,021

Movement on Balances								
Movements in 2020/21								
£'000	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Property, Plant and Equipment £'000
Cost or valuation								
At 1 April 2020	402,119	88,603	11,564	2,459	8,275	617	5,539	519,176
Additions	7,584	1,783	1,365	1,469	31	1,347	26,943	40,522
Revaluation increases / (decreases) recognised in the Revaluation Reserve	2,830	(1,435)	-	-	-	30	-	1,425
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	82	(289)	-	-	-	-	-	(207)
Derecognition - disposals	(1,491)	-	-	-	-	-	-	(1,491)
Assets reclassified (to) / from Other Accounts	-	-	-	-	-	-	-	-
Other movements in cost or valuation	-	-	-	-	-	-	(5)	(5)
At 31 March 2021	411,124	88,662	12,929	3,928	8,306	1,994	32,477	559,420
Accumulated Depreciation and Impairment								
At 1 April 2020	-	(7,325)	(8,054)	(498)	(572)	(342)	(5)	(16,796)
Depreciation charge for year	(5,513)	(2,650)	(560)	(62)	(47)	(29)	-	(8,861)
Depreciation written out to the Revaluation Reserve	5,513	2,295	-	-	-	-	-	7,808
Depreciation written out to the Surplus / Deficit on the Provision of Services	-	445	-	-	-	-	-	445
Impairment losses / (reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Other movements in depreciation and impairment	-	-	-	-	-	-	5	5
At 31 March 2021	-	(7,235)	(8,614)	(560)	(619)	(371)	-	(17,399)
Net Book Value								
31 March 2021	411,124	81,427	4,315	3,368	7,687	1,623	32,477	542,021

Depreciation

The following useful lives have been used in the depreciation calculations:

- Council houses – component depreciation – up to 75 years
- Other land and buildings - 5 to 80 years
- Vehicles, plant, furniture and equipment - 3 to 21 years
- Infrastructure - 40 years
- Community Assets – up to 100 years

Capital Commitments and Planned Works 2021/22

As at 31 March 2022, the Council has entered a number of contracts for the construction or enhancement of property, plant and equipment in 2021/22 and future years.

The major contractual commitments at 31 March 2022 are:

General Fund	£000
Commonwealth Games preparations	394
Loan to housing joint venture	10,000
Housing Investment Programme	£000
Purchase of land and properties	6,402
Construction of properties	9,485

Revaluations

The Council carries out a rolling programme that ensures that all property, plant and equipment that is required to be measured at current value is revalued at least every five years to ensure that carrying value does not differ significantly from that of the current value at the end of the reporting period.

Non-operational Surplus Property assets are measured at fair value in accordance with IFRS13, and analysed by fair value hierarchy as per the below table:

As at 31 March 2022	Fair Value £000	Land £000	Buildings £000	Valuation Technique Used to Determine Fair Value
1- quoted prices in active markets for identical assets	-	-	-	
2 - inputs other than quoted market prices	1,595	1,414	181	Direct observation of transactions involving similar properties within the local property market.
3 - unobservable inputs for the asset	-	-	-	
Total	1,595	1,414	181	

As at 31 March 2022	Fair Value £000	Land £000	Buildings £000	Valuation Technique Used to Determine Fair Value
1- quoted prices in active markets for identical assets	-	-	-	
2 - inputs other than quoted market prices	276	67	209	Direct observation of transactions involving similar properties within the local property market.
3 - unobservable inputs for the asset	-	-	-	
Total	276	67	209	

All property valuations were undertaken by Carter Jonas LLP. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

General Fund property values in the Balance Sheet are based on 1 April 2016, 1 April 2017, 1 April 2018, 1 April 2019, 28 February 2020, 31 March 2021 or 31 March 2022 valuations. Housing Revenue Account property values are based on 31 March 2022 valuations.

The table below analyses all property, plant and equipment by valuation date: 31 March 2021

	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Carried at historical cost	-	1,481	7,097	5,090	7,742	1,347	63,148	85,904
Valued at fair value as at:								
- 2021/22	438,085	60,852	-	-	-	110	-	499,046
- 2020/21	-	4,747	-	-	-	-	-	4,747
- 2019/20	-	407	-	-	-	-	-	407
- 2018/19	-	4,246	-	-	-	137	-	4,383
- 2017/18	-	4,522	-	-	-	-	-	4,522
- 2016/17	-	5,329	-	-	-	-	-	5,329
- 2015/16	-	498	-	-	-	-	-	498
Total Cost or Valuation	438,085	82,082	7,097	5,090	7,742	1,595	63,148	604,838

15. Heritage Assets

Heritage assets are assets that are held by the Council principally for their contribution to knowledge and culture. They are a distinct class of asset which is reported separately from property, plant, and equipment.

The Leamington Spa Art Gallery & Museum at the Royal Pump Rooms has a collection of over 11,000 objects. The heritage assets held by the Council have been categorised as follows:

- Decorative Arts Collection
- Visual Arts Collections
- Other Heritage Assets

Decorative Arts & Visual Arts Collections

The majority of the Council's collections of Decorative Arts (ceramics, porcelain, glass and other artefacts of a similar nature) and Visual Arts (paintings and drawings) were revalued by Tim Ritchie & Associates in February 2020. Those items not externally valued due to their low intrinsic worth were assigned an internal nominal value of £50. The policy is to revalue the collections every five years with the next valuation due February 2025.

Other

This comprises the remainder of the Art Gallery and Museum's collections (Archaeology, Ethnography, Numismatics, Pictorial and Social History) and also the Abbey Fields Barn. In the case of the Art Gallery and Museum's collections some articles were valued externally as part of the February 2020 revaluation exercise referred to above but the vast majority have been given nominal values of £50 each by the Art Gallery and Museum staff. During 2021/22, items amounting to £650 have been added to the Social History collection, all of which were of low intrinsic value.

The Abbey Fields Barn was valued by Carter Jonas at 31 March 2022 at £0.345m on a depreciated replacement cost basis.

Council policy on acquisitions, disposals, preservation and management are set out in the published Collections Development Policy which the Council reviews every five years. This is a requirement of the

national accreditation scheme for museums which is managed by the Arts Council. A copy of this policy is available on the Council's website.

Full details of all artefacts in the various collections can be found by visiting the Leamington Spa Art Gallery & Museum's Collections website and also through Windows on Warwickshire website.

A reconciliation of the Carrying Value of Heritage Assets held by the Authority is shown below:

Cost or Valuation	Decorative Arts Collection £000	Visual Arts Collection £000	Other £000	Total £000
At 1 April 2021	318	7,663	1,054	9,035
Additions	-	-	-	-
Revaluation	-	-	60	60
Other Movements in Cost or Valuation	-	-	-	-
Derecognition - Disposals	-	-	-	-
Depreciation	-	-	(4)	(4)
At 31 March 2022	318	7,663	1,110	9,091
At 1 April 2020	318	7,634	1,053	9,005
Additions	-	4	-	4
Other Additions	-	-	5	5
Other Movements in Cost or Valuation	-	27	-	27
Derecognition - Disposals	-	(2)	-	(2)
Depreciation	-	-	(4)	(4)
At 31 March 2021	318	7,663	1,054	9,035

A summary of Heritage Assets transactions is shown below:

	2021/22 £000	2020/21 £000
Cost of Acquisitions of Heritage Assets		
Purchases		
Decorative Arts	-	1
Visual Arts	-	4
Social History	-	-
Donations		
Decorative Arts	0	0
Visual Arts	-	17
Social History etc.	1	1
Total Cost of Acquisitions	1	22
Revaluation of Heritage Assets		
Decorative Arts	-	0
Visual Arts	-	27
Social History etc.	60	5
Total Revaluations	60	32
Disposals of Heritage Assets		
Visual Arts	-	(2)
Carrying Value	-	-
Proceeds	-	-

16. Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure section in the Comprehensive Income and Expenditure Statement:

	2021/22 £000	2020/21 £000
Rental income from investment property	690	526
Direct operating expenses arising from investment property	(516)	(718)
Net gain / (loss)	174	(192)

The following table summarises the movement in the fair value of investment properties over the year:

	2021/22 £000	2020/21 £000
Balance at start of the year	10,035	10,234
Net gains / (losses) from fair value adjustments	266	(199)
Balance at end of year	10,301	10,035

All the Council's Investment Properties are revalued annually by Carter Jonas LLP.

Fair Value Hierarchy

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2022 and 2021 are as follows:

As at 31 March 2022	Fair Value £000	Land £000	Buildings £000	Valuation Technique Used to Determine Fair Value
1 - quoted prices in active markets for identical assets	-	-	-	
2 - inputs other than quoted market prices	10,301	2,895	7,406	Direct observation of the passing rents on similar properties within the local property market.
3 - unobservable inputs for the asset	-	-	-	
Total	10,301	2,895	7,406	

As at 31 March 2021	Fair Value £000	Land £000	Buildings £000	Valuation Technique Used to Determine Fair Value
1 - quoted prices in active markets for identical assets	-	-	-	
2 - inputs other than quoted market prices	10,035	2,192	7,843	Direct observation of the passing rents on similar properties within the local property market.
3 - unobservable inputs for the asset	-	-	-	
Total	10,035	2,192	7,843	

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

17. Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

Financial Assets	Non Current Investments 31 March 2022 £000	Non Current Investments 31 March 2021 £000	Non Current Debtors 31 March 2022 £000	Non Current Debtors 31 March 2021 £000	Current Investments 31 March 2022 £000	Current Investments 31 March 2021 £000	Current Debtors 31 March 2022 £000	Current Debtors 31 March 2021 £000	TOTAL 31 March 2022 £000	TOTAL 31 March 2021 £000
Fair value through profit and loss	-	6,641	-	-	33,010	12,590	-	-	33,010	19,231
Amortised cost	-	-	1,278	6,044	44,169	44,032	9,493	14,695	54,940	64,771
Total	0	6,641	1,278	6,044	77,179	56,622	9,493	14,695	87,950	84,002

Financial Liabilities	Non Current Borrowing 31 March 2022 £000	Non Current Borrowing 31 March 2021 £000	Non Current Creditor 31 March 2022 £000	Non Current Creditor 31 March 2021 £000	Current Borrowing 31 March 2022 £000	Current Borrowing 31 March 2021 £000	Current Creditor 31 March 2022 £000	Current Creditor 31 March 2021 £000	TOTAL 31 March 2022 £000	TOTAL 31 March 2021 £000
Amortised cost	(208,157)	(148,168)	-	-	-	(1)	(44,454)	(31,959)	(252,611)	(180,128)
Total	(208,157)	(148,168)	0	0	0	(1)	(44,454)	(31,959)	(252,611)	(180,128)

Financial Instruments Designated at Fair Value Through Profit or Loss

The Council has no financial liabilities designated as Fair Value Through Profit and Loss, but the table below lists the Council's financial assets designated as Fair Value Through Profit and Loss at 31 March 2022, together with the maximum exposure and potential change in fair value associated with the credit risk relevant to the particular asset. With regard to the two equity funds, it is considered that current market prices are an appropriate reflection of credit risk hence no potential change in fair value is shown. No derivatives have been entered into in order to mitigate any potential losses through credit risk.

Asset	Rating	Exposure at 31 March 2022 £000	Maximum Exposure £000	Credit Default Risk £000	Maximum potential change in fair value through credit risk £000
Federated Money LVNAV Market Fund	AAAm / Aaa-mf / AAAmmf	1,473	10,000	0.04%	4
Federated Cash Plus VNAV Account	AAAf S1 / Aaa-bf / AAA/V1	3,000	6,000	0.04%	2
Deutsche Global LVNAV MMF	AAAm / Aaa-mf / AAAmmf	1	10,000	0.04%	4
Aberdeen/Standard Life (Ignis) LVNAV Money Market Fund	AAAm / Aaa-mf / AAAmmf	8,312	10,000	0.04%	4
Goldman Sachs LVNAV Money Market Fund	AAAm / Aaa-mf / AAAmmf	7,126	10,000	0.04%	4
Royal London Cash Plus VNAV Money Market Fund	AAAf S1 / Aaa-bf / AAA/V1	3,097	6,000	0.04%	2
Invesco LVNAV Money Market Fund	AAAm / Aaa-mf / AAAmmf	10,002	10,000	0.04%	4
Royal London Equity Income Fund	Low Risk	-	4,000	N/A	-
Threadneedle Equity Income Fund	Low Risk	-	4,000	N/A	-
Total		33,010	70,000		25

The above disclosures have been prepared using a variety of sources including credit ratings and historic default rates supplied through Link Asset Services, the Council's Treasury Management Advisors.

Income, Expense, Gains and Losses

	31 March 2022 Surplus or Deficit on the Provision of Services £000	31 March 2022 Other Comprehensive Income and Expenditure £000	31 March 2021 Surplus or Deficit on the Provision of Services £000	31 March 2021 Other Comprehensive Income and Expenditure £000
Net gains / (losses) on:				
Financial assets at fair value through profit and loss	95	-	1,309	-
Total net gains or (losses)	95	-	1,309	-
Interest revenue:				
Financial assets measured at amortised cost	1,660	-	555	-
Other financial assets measured at fair value through profit or loss	143	-	193	-
Total interest revenue	1,803	-	748	-
Interest expense				
Fee expense:				
Financial assets or financial liabilities that are not at fair value through profit or loss	(5,329)	-	(4,990)	-
Total fee expense	(5,329)	-	(4,990)	-

Fair Values of Assets and Liabilities

The majority of the Council's financial assets and all of its financial liabilities are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining term of the instruments using the following assumptions:

- For investments the prevailing benchmark market rates have been used to provide fair value
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- The fair value of debtors and creditors is taken to be the invoiced or billed amount.

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

Financial Assets - Fair Value through Profit and Loss	Input Level in Fair Value Hierarchy	Valuation Techniques Used to Measure Fair Value	31 March 2022 £000	31 March 2021 £000
Corporate Equity Funds	2	Funds are not priced or traded on an exchange but priced by fund managers using underlying assets prices	-	6,641
Money Market Funds	2	Funds are not priced or traded on an exchange but priced by fund managers using underlying assets prices	33,010	12,590
Certificates of Deposit, Bonds, etc.	1	Based on "mid-price" basis where there is an active market for the actual instrument	-	-
Total			33,010	19,231

Current investments of £77.179m are made up of £33.010m of money market funds, as shown in the table above, as well as £44.169m simple deposits at amortised cost.

The Council took out £136.157m in PWLB fixed interest rate long term loans with varying maturities of between 41 and 50 years on the 28 March 2012, to fulfil its obligations under the new HRA self-financing regime. £12m was taken in 2019/20 for General Fund purposes with a maturity to 28 August 2059, and £60m was borrowed during 2021/22 for back-to-back loans to a housing joint venture, with periods between 1.5 and 5.5 years. Although PWLB non-current loans are carried in the balance sheet at amortised cost, the Council is required to disclose the fair value of these loans. This requires a calculation of the net present value of the cash flows that are scheduled to take place over the remaining life of each loan. The fair value of these loans will be different to the amortised cost if prevailing interest rates differ from those applicable to the loans when taken out.

The introduction of IFRS 13 requires that the fair value should be calculated using two different interest rates - the PWLB redemption rate and the PWLB certainty rate. The Council's Treasury Management consultants, Link Asset Services, has calculated the required fair values of these PWLB loans at 31 March using the PWLB redemption rate and these are £279.864m. The difference between this figure and the £208.157m carried in the balance sheet represents the premiums that would be charged for early redemption of the loans as the current interest rates are below those in force when the borrowing took place in March 2012, September 2019 and during 2021/22. However, the Council has a continuing ability to borrow from the PWLB at its certainty rate and on this basis the fair value of the £208.157m is £235.789m including net potential premiums of £23.471m, plus accrued interest. IFRS 13 requires disclosure of the valuation method by which the fair value is arrived at. There are three levels of inputs and in this instance Link Asset Services has adopted a Level 2 input basis i.e. "inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly".

Except for the financial assets carried at fair value described in the table on the previous page, all other financial assets and liabilities held by the Council are carried in the Balance Sheet at amortised cost.

The Fair Values are calculated as follows:

Financial Assets	31 March 2022 Carrying amount £000	31 March 2022 Fair value £000	31 March 2021 Carrying amount £000	31 March 2021 Fair value £000
Short-term investments	44,169	44,169	44,032	44,032
Long-term investments	-	-	-	-
Short-term debtors	9,493	9,493	14,695	14,695
Long-term debtor	1,278	1,278	6,044	6,044
Total Financial Assets	54,940	54,940	64,771	64,771

Financial Liabilities	31 March 2022 Carrying amount £000	31 March 2022 Fair value £000	31 March 2021 Carrying amount £000	31 March 2021 Fair value £000
PWLB debt	(208,157)	(235,789)	(148,157)	(195,833)
Short-term creditors	(44,454)	(44,454)	(31,959)	(31,959)
Short-term finance lease liability	-	-	(1)	(1)
Long-term finance lease liability	-	-	(11)	(11)
Total Financial Liabilities	(252,611)	(280,243)	(180,128)	(227,804)

18. Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. There were no such assets at 31 March 2022.

	2021/22 £000	2020/21 £000
Balance outstanding at start of year	-	86
Assets newly classified as held for sale:		
- Property, Plant and Equipment	-	-
Assets sold	-	(86)
Balance outstanding at year-end	-	-

19. Debtors

Debtors are amounts due to the Council:

	31 March 2022 £000	31 March 2021 £000
Trade receivables	5,988	2,872
Prepayments	(3,265)	301
Other receivable amounts :-		
External funding	208	3,306
VAT	1,997	1,465
Business Rates/Council Tax etc	663	10,000
Investments	1	6,001
Total Debtors	5,592	23,945

20. Debtors for Local Taxation

The Past due but not impaired amount for Local Taxation (Council Tax & non-domestic Rates) can be analysed by age as follows:

	31 March 2022 £000	31 March 2021 £000
Less than three months	4,236	4,522
Three to six months	1,551	1,357
Six months to one year	384	550
More than one year	1,216	1,399
Total Debtors	7,387	7,828

21. Cash and Cash Equivalents

The Balance of the Council's Cash and Cash Equivalents is made up of the following elements:

	31 March 2022 £000	31 March 2021 £000
Cash held by the Council	30	32
Bank current accounts	1,023	158
Money Market deposits	49,674	28,200
Total Cash and Cash Equivalents	50,727	28,390

22. Creditors

Creditors are amounts owed to others by the Council:

	31 March 2022 £000	31 March 2021 £000
Trade payables	(5,454)	(4,860)
Other payable amounts :-		
External Funding	(6,378)	(9,539)
Business Rates, Council Tax etc	(23,875)	(19,071)
Investments	(129)	(21)
Total Creditors	(35,835)	(33,491)

23. Provisions

Provisional Liabilities Payable in More Than One Year	Business Rates Appeals £000	Insurances General Fund £000	Insurances HRA £000	Total £000
Balance at 1 April 2021	2,820	192	319	3,331
Additional provisions made in 2021/22	-	37	(90)	(53)
Unused amounts reversed in 2021/22	-	-	-	-
Amounts payable < 1 year transferred to short term provision	359	-	-	359
Balance at 31 March 2022	3,179	229	229	3,637

Provisional Liabilities Payable in Less Than One Year	Business Rates Appeals £000	Insurances General Fund £000	Insurances HRA £000	Total £000
Balance at 1 April 2021	849	18	38	905
Additional provisions made in 2021/22	(718)	31	20	(667)
Amounts used in 2021/22	-	(18)	(38)	(56)
Amounts payable < 1 year transferred from long term provision	72	-	-	72
Balance at 31 March 2022	203	31	20	254

Business Rates Appeals

Many companies employ specialists to try to have their business rates reduced. The claims are submitted to the Valuation Office and can take several years to be agreed. If the claims are approved refunds covering several years can result. Such payments can be substantial. The Council employs a specialist company to access the likelihood of successful claims.

Insurances

The potential for insurance claims is assessed annually by the Insurance Officer and the provisions are adjusted accordingly. A separate provision is maintained for the General Fund and the Housing Revenue Account.

24. Unusable Reserves

31 March 2021 £'000		31 March 2022 £'000
110,758	Revaluation Reserve	142,880
788	Deferred Capital Receipts Reserve	788
(95)	Financial Instruments Revaluation Reserve	0
269,758	Capital Adjustment Account	276,057
(12)	Financial Instruments Adjustment Account	(11)
(57,452)	Pensions Reserve	(36,206)
(8,991)	Collection Fund Adjustment Account	(2,169)
(349)	Accumulated Absences Account	(262)
314,405	TOTAL USABLE RESERVES	381,077

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its property. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

2020/21 £000		2021/22 £000	2021/22 £000
102,356	Balance at 1 April		110,758
11,030	Upward revaluation of assets	40,528	
(1,764)	Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services	(8,406)	
9,266	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		32,122
	- Recognition of Heritage Assets on Donation	-	
(637)	Difference between fair value depreciation and historical cost depreciation	-	
(227)	Accumulated gains on assets sold or scrapped	-	
(864)	Amount written off to the Capital Adjustment Account		-
110,758	Balance at 31 March		142,880

Deferred Capital Receipts Reserve

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

2020/21 £000		2021/22 £000
788	Balance at 1 April	788
-	Transfer of deferred sale proceeds credited as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Account	-
788	Balance at 31 March	788

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments that are measured at fair value through profit and loss. The balance is reduced when investments with accumulated gains are:

- Revalued downwards or impaired and the gains lost
- Disposed of and the gains realised.

2020/21 £000		2021/22 £000
(1,404)	Balance at 1 April	(95)
	- Upward revaluation of investments	-
	- Downward revaluation of investments	-
1,309	Change in impairment loss allowances	95
(95)	Balance at 31 March	-

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The account contains accumulated gains and losses on Investment Properties and Assets Held for Sale and in the case of Heritage Assets the gains on initial recognition of donated Heritage Assets with no outstanding conditions.

Note 6 provides the details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2020/21 £000		2021/22 £000	2021/22 £000
266,772	Balance at 1 April		269,758
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(8,870)	- Charges for depreciation and impairment of non-current assets	(9,056)	
217	- Revaluation losses on Assets Held For Sale and reversal of previous revaluation impairments	-	
-	- Amortisation of intangible assets	(47)	
(3,676)	- Revenue expenditure funded from capital under statute	(6,695)	
(1,574)	- Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	(2,292)	
-	- Write down long-term debtor loan as a capital receipt	(1,000)	
(13,903)			(19,090)
228	Accumulated gains on assets sold or scrapped		-
637	Difference between fair value depreciation and historical cost depreciation		-
(13,038)	Net written out amount of the cost of non-current assets consumed in the year		(19,090)
	Capital Financing applied in the year:		
815	- Use of the Capital Receipts Reserve to finance new capital expenditure	2,960	
6,526	- Use of the Major Repairs Reserve to finance new capital expenditure	5,994	
4,489	- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	9,087	
726	- Application of grants to capital financing from the Capital Grants Unapplied Account	727	
3,423	- Capital expenditure charged against the General Fund and HRA balances	6,008	
15,979			24,776
244	Minimum Revenue Provision		344
(199)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		267
-	Removal of initial recognition of Donated Assets credited to the Comprehensive Income and Expenditure Statement		2
269,758	Balance at 31 March		276,057

Pensions Reserve

The Pension Reserve absorbs timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

2020/21 £000		2021/22 £000
(40,891)	Balance at 1 April	(54,601)
(11,512)	Remeasurements of the net defined benefit liability	23,593
(5,025)	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	(8,085)
2,827	Employer's pensions contributions and direct payments to pensions payable in the year	2,887
(54,601)	Balance at 31 March	(36,206)

Collection Fund Adjustment Account

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

Council Tax 2020/1 £000	NNDR 2020/21 £000	Total £000		Council Tax 2021/2 £000	NNDR 2021/22 £000	Total £000
(170)	(1,459)	(1,629)	Balance at 1 April	(122)	(8,869)	(8,991)
48	(7,410)	(7,362)	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	(68)	(6,753)	(6,821)
(122)	(8,869)	(8,991)	Balance at 31 March	(190)	(15,622)	(15,812)

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund is neutralised by transfers to or from this account.

2020/21 £000		2021/22 £000	2021/22 £000
(325)	Balance at 1 April		(349)
325	Settlement or cancellation of accrual made at the end of the preceding year	349	
(349)	Amounts accrued at the end of the current year	(262)	
(24)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		87
(349)	Balance at 31 March		(262)

25. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2021/22 £000		2021/22 £000
(527)	Interest received	(15,733)
4,987	Interest paid	5,329
1	Interest element of finance lease payments	0
-	Dividends received	0
4,460		(10,404)

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

2021/22 £000		2021/22 £000
(8,866)	Depreciation	-9,055.00
238	Impairment & revaluations in consolidated income and expenditure	0.00
(10)	Amortisation of intangible assets	-47.00
(18,500)	(Increase) / decrease in creditors	-3,649.54
18,504	Increase / (decrease) in debtors	-17,092.42
(344)	(Increase) / decrease in impairment for bad debt	111.66
-	Increase / (decrease) in inventories	-1.00
(2,198)	Movement in pension liability	-5,197.84
(1,577)	Carrying amount of non-current assets, assets held for sale, sold or derecognised	-2,221.23
1,468	Other non-cash items charged to the net surplus or deficit on the provision of services	2,461.00
(11,284)	Adjust net (surplus)/deficit on the provision of services for non-cash movements	(34,691)

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

2021/22 £000		2021/22 £000
1,310	Investment Gains / (Losses)	406
2,332	Proceeds from the sale of PPE, investment properties and intangible assets	3,872
6,739	Any other items for which the cash effects are investing or financing cash flows	2,930
10,381	Adjust net (surplus)/deficit on the provision of services that are investing and financing activities	7,208

26. Cash Flow Statement – Investing Activities

2021/22 £000		2021/22 £000
40,193	Purchase of property, plant and equipment, investment property and intangible assets	50,101
240,826	Purchase of short-term and long-term investments	558,484
-	Other payments for investing activities	-
(2,332)	Proceeds from sale of property, plant and equipment, non-current assets held for sale, investment property and intangible assets	(3,872)
(259,114)	Proceeds from the sale of short-term and long-term investments	(537,379)
(5,779)	Other receipts from investing activities	1,701
13,794	Net cash flows from investing activities	69,035

27. Cash Flow Statement – Financing Activities

2021/22 £000		2021/22 £000
-	Cash receipts of short- and long-term borrowing	(60,000)
3,458	Other receipts from financing activities	1,478
18	Cash payments for the reduction of the outstanding liabilities relating to finance leases	12
-	Repayments of short- and long-term borrowing	-
(738)	Other payments for financing activities	1,163
2,738	Net cash flows from financing activities	(57,347)

28. Reconciliation of Liabilities Arising from Financing Activities

	01/04/2021	Financing cash flows	Non-cash changes		31/03/2022
	£000	£000	Acquisition £000	Other non-cash changes £000	£000
Long-term borrowings	(148,157)	(60,000)	-	-	(208,157)
Short-term borrowings	-	-	-	-	-
Lease liabilities	(12)	12	-	-	-
Total liabilities from financing activities	(148,169)	(59,988)	-	-	(208,157)

29. Members' Allowances

In England, the Local Authorities (Members Allowances) (England) Regulations 2003, provide for the circumstances in which allowances are payable to members and the maximum amounts payable in respect of certain allowances.

Allowances	2021/22 £000	2020/21 £000
Basic	250	252
Special Responsibility	79	71
Chair and Vice Chair Allowances	8	17
Co-Optees	1	1
Other Allowances (Travel, Subsistence, etc.)	-	8
Total	338	349

30. Officers' Remuneration

The remuneration paid to the Council's senior employees as defined by the Accounts and Audit Regulations 2015 is as follows:

Post Title		Salary including Fees and Allowances £	Pension Contribution £	Total Remuneration including Pension Contribution £
Chief Executive	2021/22	131,276	24,650	155,926
	2020/21	115,469	22,978	138,447
Deputy Chief Executive	2021/22	100,650	18,984	119,634
	2020/21	93,989	18,704	112,693
Deputy Chief Executive	2021/22	15,178	2,363	17,541
	2020/21	93,989	18,704	112,693
Head of Finance	2021/22	84,108	17,575	101,683
	2020/21	82,865	16,559	99,424
Programme Director for Climate Change	2021/22	91,731	18,336	110,067
	2020/21	57,357	11,414	68,771

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

Remuneration Band	2021/22 Numner of Employees Total	2021/22 Number of Employees Left in Year	2020/21 Number of Employees Total	2020/21 Number of Employees Left in Year
£50,000 - £54,999	8	-	7	-
£55,000 - £59,999	2	-	1	-
£60,000 - £64,999	-	-	2	-
£65,000 - £69,999	5	-	2	-
£70,000 - £74,999	-	-	-	-
£75,000 - £79,999	-	-	1	-
£80,000 - £84,999	-	-	-	-
£85,000 - £89,999	1	-	-	-

31. Termination benefits

The number of exit packages with total cost per band and the total cost of the compulsory and other redundancies are set out in the following table:

Exit package cost bands (including special payments)	Number of compulsory redundancies 2020/21	Number of compulsory redundancies 2021/22	Number of other departures agreed 2020/21	Number of other departures agreed 2021/22	Total number of exit packages by cost band 2020/21	Total number of exit packages by cost band 2021/22	Total cost of exit packages in each band 2020/21 £	Total cost of exit packages in each band 2021/22 £
£0 - £20,000	1	2	-	1	1	3	5,532	19,962
£200,001 - £250,000	-	1	-	-	-	1	-	201,002
Total	1	3	0	1	1	4	5,532	220,964

32. External Audit Costs

The Council incurred the following fees in relation to external audit and inspection:

	2021/22 £000	2020/21 £000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor	73	49
Additional fees payable to Grant Thornton in respect of prior year external audit services	16	9
Fees payable to Grant Thornton for the certification of grant claims and returns	24	17
Additional fees payable to Grant Thornton for the certification of prior year grant claims and returns	7	3
Total	120	78

33. Usable Reserves

The movements on the Council's Usable Reserves are detailed in the Movement in Reserves Statement:

31 March 2021 £000		31 March 2022 £000
36,203	General Fund Revenue Balance	31,414
30,952	Housing Revenue Account Balance	31,521
5,994	Major Repairs Reserve	6,150
7,830	Usable Capital Receipts Reserve	12,989
5,008	External Capital Grants / Contributions Unapplied	6,172
85,987	TOTAL USABLE RESERVES	88,246

34. Grant Income

The authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2020/21:

	2021/22 £000	2020/21 £000
Credited to Taxation and Non-Specific Grant Income		
New Homes Bonus	(3,269)	(3,726)
Small Business Rate Relief	(7,294)	(13,571)
Council Tax Support Grant	579	(670)
Lower Tier Service Income Grant	(147)	-
Transparency Setup Grant	-	(8)
Council Tax Annex Discount Grant	(8)	(8)
Non Ringfenced Revenue Grants	(10,139)	(17,983)
Commonwealth Games	(15)	-
S106 Contributions	(187)	(119)
Community Infrastructure Levy	(1,890)	(3,600)
Pump Room Gardens Heritage Lottery Grant	(34)	-
Future Highstreets Fund	(2,467)	-
Green Homes Grant (LAD2)	(321)	-
Homes & Community Agency	-	(1,198)
HIF Grant - Kenilworth School	(4,817)	-
CWLEP Bowling Green Grant	(30)	(1,636)
Football foundation	(3)	(689)
Outdoor Gym Equipment	(25)	-
Racing Club Warwick	(14)	-
Warwick Town Council	(5)	-
Housing Subsidy	(3,370)	-
Arts Grants	-	(6)
Capital Grants and Contributions:	(13,178)	(7,248)
Total Grants Credited to Taxation & Non Specific Grant Income	(23,317)	(25,231)
Credited to Services		
DWP Grants for Housing Benefits	(20,805)	(22,616)
COVID 19 - Income Recovery Scheme	(1,051)	(5,100)
Disabled Facilities Grant - HEART Scheme	(999)	(881)
Local Council Tax Admin Support Grant	(600)	(452)
Homelessness Reduction Act Grant	(600)	(45)
Rough Sleeping Initiative Grant	(570)	(310)
COVID 19 Outbreak Management Fund	(339)	(223)
Contribution towards NNDR Collection	(218)	(232)
New Burdens Grant	(184)	(221)
National Leisure Recovery Fund	(172)	(262)
Future Highstreet Fund	(141)	(32)
Rough Sleeping Initiative Grant - Hostel	(130)	(350)
Land Registry S31 Grant	(90)	(6)
Pump Room Gardens HLF Grant	(77)	-
Rough Sleeping - Protect and Vaccinate Grant	(69)	-
Cultural Recovery Grant	(61)	(170)
De-centralisation and Neighbourhood Planning	(60)	-
COVID 19 Enforcement	(57)	-
COVID-19 Self Isolation Payments	(54)	(119)
Homelessness Ex-Offenders Grant	(53)	-
S31 Grant COVID-19 Non-Reclaimable Elections Expenses	(49)	-
Police & Crime Commissioner Grant	(36)	(22)
COVID-19 Furlough Grant Claims	(33)	(100)
CEV Funding Support Grant	(21)	(25)
S31 Redmond Review	(21)	-
Benefits - Verify Earnings and Pension (VEP) Service	(19)	(24)
S31 Biodiversity Net Gain	(10)	-
Improvement and Development Agency	(10)	-
Arts Pre Raph Grant	(7)	(9)
Individual Electoral Registration	(5)	(15)
COVID 19 Interim Homelessness Grant	-	(329)
Flexible Homelessness Support Grant	-	(238)
COVID 19 - Self Isolation Payments - top up	-	(156)
Cold Weather Fund	-	(48)
COVID 19 Rough Sleeping Initiative (Cold Weather Fund)	-	(30)
Protect Plus	-	(19)
External Wall Systems Data Collection Grant	-	(11)
Police & Crime Commissioner CCTV Grant	-	(11)
European Election	-	(7)
EEM Community Donation Grant	-	(5)
LGA Cyber Training Grant	-	(3)
Geospatial Data Grant	-	(3)
Credited to Services	(26,541)	(32,074)
TOTAL GRANTS	(49,858)	(57,305)

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have legally binding conditions attached to them that will require the monies or property to be returned to the giver. The balances as at the year-end are:

	2021/22 £000	2020/21 £000
Conservation Grants	0	0
S106 Contributions towards social housing, sports & leisure facilities and play equipment	11,852	7,733
Capital Grants, Contributions Held in Advance	11,852	7,733

35. Related Party Transactions

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

Central Government:

Central Government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework, within which the Council operates, provides some of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grant receipts outstanding at 31 March 2022 are included within the figures shown in the Grant Income note 34.

Warwickshire County Council and the Office of the Warwickshire Police and Crime Commissioner:

These authorities issue precepts on the Council and these are shown in the Collection Fund Statement. Warwickshire County Council is the administering authority for the Pension Fund and details of the employer's contributions paid by this Council are shown in Defined Benefit Pension Schemes note 38.

Precepting Bodies:

The various Town and Parish Council's in the Council's area issue precepts on the Council. For 2021/22 the precepts issued totalled £1.837m (2020/21 £1.758m). The major preceptors were:

Major Preceptors	2021/22 £000	2020/21 £000
Warwick Town Council	503	482
Royal Leamington Spa Town Council	412	401
Whitnash Town Council	234	216
Kenilworth Town Council	184	186

Council Members and Chief Officers:

Council Members make disclosures of their pecuniary and non-pecuniary interests in the Members' Register and have to make declarations on individual committee agenda items. In addition to Council Members, the Chief Executive, the two Deputy Chief Executives and Heads of Service also make annual declarations in respect of any Related Party Transactions they may have.

Council Members have direct control over the Council's financial and operating policies. Grants totalling £5.959 (2020/21 £5.015m) were paid to voluntary organisations in which 17 members had declared interest

or held positions on the governing body. The grants were made with proper consideration of declarations of interest. The relevant members were excluded from any discussion or decision relating to the grants. The major grants awarded were:

Major Grants Awarded	2021/22 £000	2020/21 £000
Kenilworth School Multi Academy Trust - Relocation	4,817	1,198
Whitnash Town Council	642	982
Kenilworth Rugby Club	80	80
Citizens' Advice Bureau	75	75
Shakespeare's England	70	74
Brunswick Healthy Living Centre	50	50
Racing Club Warwick FC	39	61
Warwickshire Community and Voluntary Action (CAVA)	39	31
Warwick Town Council	30	30
The GAP	30	267
Sydenham Neighbourhood Initiatives	27	27
The Chain	0	25
Coventry & Warwickshire LEP	20	20

Leamington Business Improvement District:

The Council acts as an agent in respect of Leamington Business Improvement District (BID) whereby it collects the levy due on the BID's behalf - £0.243m in 2021/22 (£0.300m in 2020/21).

Entities Controlled or Significantly Influenced by the Authority:

Milverton Homes Ltd.

During 2020/21 Warwick District Council created a wholly owned Local Housing Company subsidiary named Milverton Homes Ltd. Company number 13123477. Milverton Homes most recent Business Plan was approved by the Council's Cabinet on 25 May 2021. The Company was incorporated with Companies House on 8 January 2021 with the nature of the business being 4110 – Development of building projects. Four directors have been appointed to Milverton Homes Board and registered on Companies House and the accounting reference period was shortened to align with the Council's.

Group Accounts have been prepared in the 2021/22 Financial Statements although transactions between the Council and Milverton are minimal as the company is only in the early stages of commencement. Prior to 2021/22 Milverton Homes was registered as a dormant company on Companies house until operations commenced.

Milverton Homes has appointed an external accounting and audit company FORTUS Audit Ltd to provide accounts that are audited and meet Accounting Standards for consolidation into the Council's Group Accounts. Where possible the accounting policies adopted by Milverton Homes are aligned to the Council's accounting policies and are in line with private company reporting regulations from the Companies Act 2006.

Milverton Homes entered into a Joint Venture with Crewe Lane LLP which is a housing development vehicle and is a 50/50 Joint Venture between Milverton Homes Limited (Company Number 13123477) and Vistry Partnerships Limited (Company Number 00800384).

Further information about this Joint Venture is noted in the notes to the Group Accounts.

Other Significant Related Parties

Sherbourne recycling – Sherbourne Recycling was established in 2021 to develop and operate a new state of the art materials recycling facility in Coventry on behalf of eight local authorities (Coventry City Council, North Warwickshire Borough Council, Nuneaton and Bedworth Borough Council, Rugby Borough Council, Stratford-on-Avon District Council, Solihull Metropolitan Borough Council, Walsall Council and Warwick District Council). In 2021/22 The council purchased shares £0.988m and made loan advances of £2.298m.

36. 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), together with the resources that have been used to finance it.

	2021/22 £000	2020/21 £000
Opening Capital Financing Requirement	184,995	156,447
Capital Investment:		
Property, Plant and Equipment	42,057	40,522
Heritage Assets	-	4
Intangible Assets	328	218
Revenue Expenditure Funded from Capital Under Statute:		
- Grants	6,695	3,666
- Long-term loans	50,100	350
Finance Leases Principal	-	12
Sources of Finance:		
Capital Receipts	(2,960)	(815)
Government grants and other contributions	(9,814)	(5,215)
Major Repairs Reserve	(5,994)	(6,527)
Sums set aside from revenue	(6,008)	(3,423)
Minimum Revenue Provision	(244)	(244)
Closing Capital Financing Requirement	259,155	184,995
Explanation of movements in year		
Increase underlying need to borrow (unsupported by Government financial assistance)	74,160	28,548
Increase in Capital Financing Requirement	74,160	28,548

37. Leases

Authority as Lessor

The Council, as a lessor, does not have any leases which qualify as finance leases.

Operating Leases

Within the Housing Revenue Account, the Council has a number of shops etc. which whilst still forming part of its Operational non-current assets are leased out on a commercial basis in order to derive rental income.

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

	31 March 2022 £000	31 March 2021 £000
Not later than one year	355	339
Later than one year and not later than five years	881	837
Later than five years	644	383
	1,880	1,560

38. Impairment / Revaluation Losses

Enquiries made of Service Areas, the Asset Management Team and dialogue with our external valuers, Carter Jonas, did not reveal any new properties which were physically impaired and which therefore, required revaluation during 2020/21 in order to reflect their reduced capacity to operate at previous levels. However, the Council is aware of a significant issue with the Royal Pump Rooms roof which will require a substantial sum of money (£1m+) spending on it in the relatively near future but this has not affected its ability to operate and the valuation in the balance sheet of this property reflects this issue. Linen Street multi-storey car park in Warwick has a nil carrying value, so is not subject to further impairment despite a stock condition survey.

39. Defined Benefit Pension Schemes

Participation in Pension Schemes

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

The Council participates in the Local Government Pension Scheme administered locally by Warwickshire County Council. This is a funded defined benefit scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets.

In April 2020, the Council paid the Warwickshire Pension Fund £7.477m, taking advantage of the opportunity to pay its estimated employer contributions covering the three year period April 2020 to March 2023 as a single payment in order to receive a discount on its contributions. Statutory regulations require the Council to account for its contributions on the basis of the actuarial certificate issued as part of the last triennial valuation. The amount covering the latter two years of the payment has been transferred to Pensions Liabilities which has led to the difference in balances between the Pensions Liabilities and the Pensions Reserve.

The three year early payment of £7.477m was based on an assumed level of staff with a proviso that the pension fund could seek an additional payment for variations to the number of employees who were members of the pension scheme. A provision has been set aside to cover any further payments due to the pension fund for the year.

Transactions Relating to Post-Employment Benefits

The Council recognises 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 following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Comprehensive Income and Expenditure Statement	2021/22 £000	2020/21 £000
<i>Cost of Services:</i>		
- Current service cost	6,870	4,462
- Past service costs	155	-
- (Gain) / loss from settlements	-	-
Financing and Investment Income and Expenditure:		
- Net interest expense	1,060	971
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	8,085	5,433
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
- Return on plan assets (excluding the amount included in the net interest expense)	(9,349)	(29,275)
- Actuarial gains and losses arising on changes in demographic assumptions	(1,082)	2,290
- Actuarial gains and losses arising on changes in financial assumptions	(13,503)	40,548
- Other	341	(1,635)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(15,508)	17,361
Movement in Reserves Statement		
- Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(8,085)	(5,433)
Actual amount charged against the General Fund and HRA Balances for pensions in the year:		
Employer's contributions payable to scheme	611	7,582

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	2021/22 £000	2020/21 £000
Present value of the defined benefit obligation	197,101	204,686
Fair value of plan assets	(163,374)	(154,840)
Other movements in the liability / asset		
Net liability arising from defined benefit obligation	33,727	49,846

Reconciliation of the Movements in the Fair Value of the Scheme (Plan) Assets:

	2021/22 £000	2020/21 £000
Opening fair value of scheme assets	154,840	119,051
Opening balance adjustment *		415
Interest income	3,056	2,699
Remeasurement gain / (loss):		
- The return on plan assets, excluding the amount included in the net interest expense	9,349	29,275
The effect of changes in foreign exchange rates	-	-
Contributions from employer	611	7,582
Contributions from employees into the scheme	876	861
Benefits paid	(5,358)	(5,043)
Closing fair value of scheme assets	163,374	154,840

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation):

	2021/22 £000	2020/21 £000
Opening balance at 1 April	204,686	159,942
Opening balance adjustment *		(409)
Current service cost	6,870	4,462
Past service cost	155	-
Interest cost	4,116	3,670
Contributions from scheme participants	876	861
Remeasurement (gains) / losses:	-	-
- Actuarial gains / losses arising from changes in demographic assumptions	(1,082)	2,290
- Actuarial gains / losses arising from changes in financial assumptions	(13,503)	40,548
- Other experience	341	(1,635)
Benefits paid	(5,358)	(5,043)
Closing balance at 31 March	197,101	204,686

* Opening balance adjustment relates to the difference in the two Actuary Reports dated 20/04/2020 and 23/09/2020. The comparatives in 2019/20 relate to 20/04/2020 report and due to the amounts not being material were not adjusted. These adjustments have been included in the 2020/21 notes as above.

Local Government Pension Scheme assets comprised:

	31 March 2022 Quoted prices in active markets £000	31 March 2022 Quoted prices not in active markets £000	31 March 2022 Total £000	31 March 2021 Quoted prices in active markets £000	31 March 2021 Quoted prices not in active markets £000	31 March 2021 Total £000
Cash and cash equivalents	3,426	-	3,426	3,007	-	3,007
Equity Securities (by industry type):						
- Consumer	-	-	-	-	-	-
- Manufacturing	-	-	-	-	-	-
- Energy and Utilities	-	-	-	-	-	-
- Financial Institutions	-	-	-	-	-	-
- Health and Care	-	-	-	-	-	-
- Information Technology	-	-	-	-	-	-
- Other	-	70	70	-	73	73
Sub-total equity	-	70	70	-	73	73
Debt Securities						
- Corporate bonds (investment grade)	10,117	-	10,117	15,095	-	15,095
- Corporate bonds (non-investment grade)	3,322	-	3,322	3,705	-	3,705
- UK Government	7,671	-	7,671	7,081	-	7,081
- Other	-	4,870	4,870	7,682	5,221	12,903
Sub-total debt securities	21,110	4,870	25,979	33,562	5,221	38,784
Property:						
- UK Property	16,036	-	16,036	14,057	-	14,057
- Overseas Property	55	-	55	-	-	-
Sub-total property	16,090	-	16,090	14,057	-	14,057
Private Equity:						
- All	-	11,611	11,611	-	7,932	7,932
Investment Funds and Unit Trusts:						
- Equities	83,176	-	83,176	86,519	-	86,519
- Bonds	14,757	-	14,757	-	-	-
- Hedge Funds	-	-	-	-	-	-
- Commodities	-	-	-	-	-	-
- Infrastructure	-	8,265	8,265	4,470	-	4,470
- Other	-	-	-	-	-	-
Sub-total Investments	97,933	8,265	106,198	90,989	-	90,989
TOTAL ASSETS	138,559	24,815	163,374	141,614	13,226	154,840

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years' dependent on assumptions about mortality rates, salary levels, etc.

The Warwickshire County Council Fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2022.

The significant assumptions used by the actuary have been:

		2021/22	2020/21	2019/20
Mortality assumptions:	Longevity at 65 for Current Pensioners:			
	Men	21.6 years	21.8 years	21.6 years
	Women	24.1 years	24.2 years	23.8 years
	Longevity at 65 for Future Pensioners			
	Men	22.7 years	23.0 years	22.5 years
	Women	25.9 years	26.1 years	25.4 years
Rate of inflation		3.85%	3.35%	2.90%
Rate of increase in salaries		4.00%	3.65%	2.70%
Rate of increase in pensions		3.20%	2.85%	1.90%
Rate of discounting scheme liabilities		2.70%	2.00%	2.30%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Increase in Assumption £000	Decrease in Assumption £000
Longevity (increase or decrease in 1 year)	7,884	(7,884)
Rate of increase in salaries (increase or decrease by 0.1%)	351	(351)
Rate of increase in pensions (increase or decrease by 0.1%)	3,314	(3,314)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	3,693	(3,693)

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 16 years. Funding levels are monitored on an annual basis, with the triennial valuation based as at 31 March 2022.

The weighted average duration of the defined benefit obligation for scheme members is 19 years, 2021/22 (19 years 2020/21).

40. 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.

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

Credit Risk

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Fitch's Ratings Services, except for Corporate Equity Funds which are rated as low or medium risk. The Annual Investment Strategy also imposes a maximum sum to be invested with each type of financial institution located within each category.

The credit criteria at 31 March 2022 in respect of investments held by the Council are:

Investment / Counterparty type:	S/term (FITCH or equivalent)	L/term	Security / Min. credit rating	Max. limit per counterparty	Max. Maturity period	Portfolio at 31 March 2022 £000	Proportion of Portfolio at 31 March 2022
Specified instrument (repayable within 12 months):							
UK Govt. / Local Authorities / Public Corporations / Nationalised Industries	n/a		n/a	£10m	365 days	3,000	4.0%
Bank - Private UK (includes Fixed Term Deposits, CD's and Category 1 FRN's & Bonds)	F1	A	UK Sovereign	£5m	365 days	-	0.0%
	F1	A+	UK Sovereign	£7m	365 days	28,500	38.1%
	F1	AA- & above	UK Sovereign	£8m	365 days	9,528	12.8%
Money Market Fund (LVNAV)	AAAm / Aaa-mf/AAAmf		n/a	£10m	liquid	26,756	35.8%
Money Market Fund (VNAV)	AAAf S1 / Aaa-bf/ AAA/V1		n/a	£6m	liquid	6,000	8.0%
Non-specified instruments							
Corporate Equity Funds		n/a	Low Risk	£4m	10 years	-	0.0%
Total						74,784	100.0%

Where appropriate the Council makes use of a credit checking agency so that customers for goods and services e.g. major contracts are assessed and suitable credit limits set.

At 31 March 2022, sundry debts outstanding stood at £2.005m of which £0.713m related to general debts and £1.292m to Housing Benefit and Council Tax Support overpayments. An assessment has taken place of the likelihood of these debts being defaulted upon and bad debts provisions of £0.057m and £0.667m have been established in respect of the general debts and Housing and Council Tax Benefit Overpayments respectively.

An analysis by age of the £2.005m less £0.724m Credit Loss Allowances follows:

Warwick District Council has a substantial number of trade receivables. As the assets do not have a significant financing component, the loss allowance is based on the lifetime expected credit losses. The Council uses a provision matrix, based on historical observed rates over the lifecycle of trade receivables, adjusted for forward-looking estimates.

More than 1 year	100.00%
Current year	3.00%

The loss allowance is calculated as follows:

Lifecycle stage	Gross carrying amount A £	Loss rate B	Lifetime expected credit losses A x B £
Over 1 year	37,062	100.00%	37,100
Current year	675,976	3.00%	20,300
	Loss allowance		57,400

Warwick District Council has a substantial number of Benefits debtors. As the assets do not have a significant financing component, the loss allowance is to be based on lifetime expected credit losses.

The Council uses a provision matrix, based on historical observed rates over the lifecycle of this type of debtor, adjusted for forward-looking estimates:

01 - 03 months	23.20%
04 - 06 months	35.00%
07 - 09 months	40.00%
10 - 12 months	45.00%
Over 1 year	55.00%

The loss allowance is calculated as follows:

Lifecycle stage	Gross carrying amount A £	Loss rate B	Lifetime expected credit losses A x B £
01 - 03 months	84,500	23.60%	19,900
04 - 06 months	31,900	35.00%	11,200
07 - 09 months	45,400	40.00%	18,200
10 - 12 months	41,200	45.00%	18,500
Over 1 year	1,089,400	55.00%	599,200
	Loss allowance		667,000

Amounts Arising from Expected Credit Losses

The changes in the loss allowance for investments and long term debtors during the year are as follows:

The Council has analysed the credit risk of the investments held at 31 March 2022 using the methodology recommended by its treasury advisers in order to comply with IFRS 9.

The calculated potential impairment of £0.018m equates to 0.02% of total investments of £77.179m. This has been assessed as being immaterial and no impairment of the investments has been made.

During 2021/22, the Council made long term loans for capital expenditure amounting to £0.100m to various organisations. Due diligence was carried out to ensure that the borrower's capacity to repay the loans plus interest in a timely manner was adequate. Repayments of the loans are being made according to the various repayment plans and consequently there is little or no expectation of any form of credit default and therefore no expected credit loss has been included in the accounts.

At 31 March 2022, outstanding arrears in respect of Council house rents and charges stood at £2.639m; again, an assessment of the default rate on these arrears has been made and a bad debts provision of £1.980m has been established.

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 is able to borrow, subject to the limits imposed by the relevant Prudential Indicators, from the Money Markets to make up the shortfall. The relevant Prudential Indicators in this instance are the Operational Boundary for External Debt which manages the day to day cash flow requirements and the Authorised Limit for External Debt which sets an absolute ceiling on the amount of borrowing allowed.

All of the Council's trade and other payables are due to be paid in less than one year.

Market Risk

This risk relates to market perceptions of the creditworthiness of particular counterparties or investment vehicles over and above those reflected in current credit ratings. The Council is not aware of any such perceptions which affect either counterparties that it has on its approved lending list or investment vehicles it is permitted to use.

Interest Rate Risk

The Council's external borrowing is made up of PWLB Fixed Rate Maturity loans with maturities of between 1 and 32 years and the average rate of the portfolio is 2.75%. This gives certainty in terms of interest payments but prevents the Council benefiting from any future reductions below this in interest rates.

The main risk to its investment income comes from movements in Bank Rate and the Money Market Rates. For instance, a rise in interest rates would have the following effects:

- 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 fair value of the assets will fall.

The treasury management team has an active strategy for assessing interest rate exposure. According to this assessment strategy, based on the 2021/22 outturn a 0.25% movement upwards in interest rates would have produced an additional £0.102m interest. Conversely the same movement downwards would have reduced investment interest, but this would have been tempered by some investments falling to nil interest.

Price Risk

The Council invests in Certificates of Deposits which are instruments where the price fluctuates. The Council manages this risk by only purchasing such investments with a relatively short term to run and by holding the investments to maturity thus nullifying the effect of price fluctuations as the investments are redeemed at par i.e. face value. No purchases have been made in 2020/21 or 2021/22.

41. Contingent Assets and Liabilities

Contingent Liabilities

As at 31 March 2022 the Council identified the following contingent Liability in relation to:

Transcription Services

A contract was entered into under the threshold with documentation and conversations to support the needs of WDC. The contract parameters were interpreted differently from both parties, where the current situation is that the Transcription Company have proposed informal mediation.

Disclosure of an estimate of value for this legal challenge in the accounts may affect the negotiations and would be prejudicial to the Council and its contractor's commercial interests. It might also lead to an expectation which would prejudice the outcome of the Legal proceedings. For these reasons, no estimate of value has been disclosed.

Contingent Assets

As at 31 March 2022 the Council identified the following material contingent assets in relation to:

Leisure Centre Refurbishment - Utility Company Legal Challenge

Delayed works relating to the 2017/18 Leisure Centre Refurbishment Project of Newbold Comyn and St Nicholas Park Leisure Centre's have resulted in legal proceedings being brought by the Council to a number of Utility Companies in an attempt to seek recompense for delayed works which resulted in financial penalties for the Council. The Penalties were paid by the Council to the Contractor completing the refurbishment works as per the contractual agreement in relation to delayed works.

Disclosure of an estimate of value for this legal challenge in the accounts may affect the negotiations and would be prejudicial to the Council and its contractor's commercial interests. It might also lead to an expectation which would prejudice the outcome of the Legal proceedings. For these reasons, no estimate of value has been disclosed.

Business Rate Pooling – Local Volatility Fund

Following the Local Government Finance Bill, with effect from 1 April 2013, the Council agreed to participate in the Warwickshire and Coventry Business Rates Pool consisting of the following Authorities:

- Coventry City Council
- North Warwickshire Borough Council
- Nuneaton and Bedworth Borough Council
- Rugby Borough Council
- Stratford-On-Avon District Council
- Warwick District Council
- Warwickshire County Council

Under the new legislation, 50% of business rates collected by the billing authority is retained locally, the other 50% is paid to the Government. The Locally retained business rates are then split 80% to the pool and 20% to Warwickshire County Council.

Part of the Memorandum of Understanding for the Warwickshire and Coventry Business Rates Pool allocates 25% of the benefit of being in the pool to be set aside in a Local Volatility Fund. This is to provide

protection for Pool members from falls in business rate income. The Local Volatility Fund is held by Warwickshire County Council as the lead authority and a memo account is maintained for each authority.

As at the end of March 2022, Warwick District Council held £0.359m within the Fund. This would be released to us if our business rates income fell by more than 5% of our baseline funding level or if we left the pool or the pool dissolved.

42. Material items of Income and Expenses.

The Council has received significant Government funding in 2021/22 to support the national response to mitigate the impact of the COVID-19 pandemic. The Council received grant funding on two separate bases, Principal and Agent. Where the Council had an element of control of the basis of allocation of the resources made available (Principal), the activity is recorded in these financial statements. Where the Council passported the payments received through to recipients (Agent), this activity is only recorded in creditors where there is an element of funding still to be allocated. Details of grants are set out in note 34.

Housing Revenue Account Income & Expenditure Statement

The Housing Revenue Account (HRA) reflects the obligation to maintain a separate revenue account for the Council's housing provision. The HRA Income and Expenditure Statement shows the cost in the year of providing these housing services.

2020/21 £000		2021/22 £000	2021/22 £000
	Expenditure		
5,325	Repairs and Maintenance	6,240	
7,145	Supervision and Management	7,762	
273	Rents, Rates, Taxes and Other Charges	369	
351	Increased Provision for Bad Debts	(32)	
5,939	Depreciation and Impairment of Non-Current Assets	6,150	
	- Debt Management Costs	-	
	- Amortisation of Intangible Assets & Revenue Expenditure Funded from Capital		
	- Under Statute		
19,033	Total Expenditure		20,489
	Income		
(25,619)	Dwelling Rents	(25,806)	
(1,061)	Non-Dwelling Rents	(1,094)	
(1,020)	Charges for Services and Facilities	(1,222)	
(1,043)	Contributions Towards Expenditure	(403)	
(28,743)	Total Income		(28,525)
(9,710)	Net Cost of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement		(8,036)
74	HRA services' share of Corporate and Democratic Core		74
19	HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to specific services		21
(9,617)	Net Income for HRA Services		(7,941)
(756)	Gain or Loss on sale of HRA non-current assets		(2,221)
4,766	Interest payable and similar charges		4,766
138	Net interest on the net defined benefit asset or liability		169
(225)	HRA Interest and Investment Income		(15)
	- Capital Grants and Contributions Receivable		-
(5,694)	(Surplus) / Deficit for the year on HRA services		(5,242)

Movement on the Housing Revenue Account Statement

The 'Surplus or (Deficit) for the year on Housing Revenue Account (HRA) services' line shows the true economic cost of providing the authority's services. The 'Net Increase / (Decrease) before transfers to earmarked reserves' line shows the change in the statutory HRA Balance before any discretionary transfers to or from reserves undertaken by the Council.

2020/21 £000		Notes	2021/22 £000	2021/22 £000
1,483	Balance on the HRA at the end of the previous year			1,513
5,694	Surplus or (deficit) for the year on the HRA Income and Expenditure Statement	HRA I&E	5,244	
(1,679)	Adjustments between accounting basis and funding basis under statute	Main Notes 9	(4,674)	
4,015	Net increase or (decrease) before transfers to or from reserves		570	
(3,985)	Transfers (to) or from reserves	Main Note 10	(530)	
30	Increase or (decrease) in year on the HRA			40
1,513	Balance on the HRA at the end of the current year			1,553

Notes to the Housing Revenue Account

1. Housing Stock

The Council was responsible for managing the following Council dwellings included in the Housing Revenue Account:

	31/03/2022 Nos.	31/03/2021 Nos.
Houses	2,453	2,383
Flats	2,402	2,407
Bungalows	672	672
	5,527	5,462

The change in housing stock can be summarised as follows:

	2021/22 Nos.	2020/21 Nos.
Housing Stock at 1 April	5,462	5,477
New build	91	3
Buy Back Purchases	3	3
Reclassification from non-operational to operational stock	-	-
Right to Buy sales	(26)	(21)
Other Sales - Shared Ownership	(3)	-
Housing Stock at 31 March	5,527	5,462

2. Housing Revenue Account Non-Current Assets and Assets Held for Sale

The total Housing Revenue Account non-current assets and assets held for sale can be analysed as follows:

	1 April 2022 £000	1 April 2021 £000
Council Dwellings	438,085	411,124
Other Properties	7,818	7,670
Land	299	296
Equipment	433	433
Assets Under Construction	59,006	30,799
Surplus Assets	1,347	1,347
Assets Held for Sale	-	-
Total Balance Sheet Items	506,987	451,670

3. Valuation of Dwellings

The 'vacant possession' value of dwellings represents the open market value of the housing stock, whilst the Balance Sheet value represents the reduced valuation owing to the stock being used for social housing. The difference between the two valuations (a reduction to 40% of the market valuation) is the 'Economic Cost' of providing Council housing at less than open market rents.

	31/03/2022 £000	31/03/2021 £000
Vacant Possession Value of Dwellings (Open Market Value)	1,069,632	1,018,132
Balance Sheet Value of Dwellings (Social Housing Value) (40% of Open Market Value)	(438,085)	(411,123)
Economic Cost to Government	631,548	607,009

4. Summary of Capital Expenditure Funding Sources

	2021/22 £000	2020/21 £000
Prudential Borrowing	20,727	25,002
Government Grant	3,526	
Usable Capital Receipts	2,560	420
Revenue and Other Contributions	3,184	1,186
Major Repairs Reserve	5,994	6,526
Total Capital Expenditure Funding	35,991	33,135

5. Revaluations Impairment

A full desktop valuation of the Housing Revenue Account dwellings, other properties and land was undertaken for the 31 March 2022 valuation by the Council's Valuer, Carter Jonas LLP. Revaluation Losses of -£8,159 gains of £34,818m were credited to the Housing Revenue Account Revaluation Reserve resulting in a net gain of £26,659m. There were no impairment charges for the financial year.

The housing stock is valued on an "Existing Use – Social Housing" (EUV-SH) basis, derived from the Open Market Value (OMV), discounted by a Regional Adjustment Factor, which is determined by the Ministry of Housing, Communities and Local Government (MHCLG) previously known as the Department for Communities and Local Government (DCLG). Currently, this is just 40% of the Open Market Value.

6. Summary of Capital Receipts

	2021/22 £000	2020/21 £000
Sale of Council Houses	3,561	2,359
Other Non RTB Sales	344	-
Total Capital Receipts	3,906	2,359

7. Depreciation of Fixed Assets

	2021/22 £000	2021/22 £000
Council Dwellings	5,604	5,513
Other Buildings	498	451
Equipment	48	57
Total Depreciation	6,150	6,021

8. Arrears and Provision for Loss Allowances

	2021/22 £000	2020/21 £000
HRA Rent & Charges Arrears		
Current Tenant Rent Arrears	1,334	1,327
Former Tenant Rent Arrears	725	576
Dwelling Rent Arrears	2,059	1,903
Garage Rent Arrears	51	30
Supporting People Charge Arrears	20	24
Court Cost Arrears	145	157
Overpayment of Benefit Arrears	135	136
Other Arrears	229	219
Total Arrears	2,639	2,469
Prepayments		
Dwelling Rent Prepayments	(475)	(422)
Garage Rent Prepayments	(13)	(13)
Other Prepayments	(4)	(5)
Total Prepayments	(492)	(440)
Net Arrears	2,147	2,029
HRA Bad Debt Provisions		
Rent Bad Debt Provision	(1,758)	(1,770)
Court Cost Bad Debt Provision	(222)	(219)
Total Bad Debt Provisions	(1,980)	(1,999)
Arrears as a proportion of gross rent net of housing benefit	2021/22	2020/21
Current Tenant Rent Arrears	6.65%	7.04%
Net Arrears	10.59%	10.74%

Collection Fund

This statement details the transactions relating to the collection of council tax and business rates. The Council acts as an agent to collect council tax and business rates on behalf of Warwickshire County Council and the Office of the Warwickshire Police and Crime Commissioner and business rates on behalf of the Government.

2020/21 Council Tax £000	2020/21 Business Rates £000	2020/21 Total £000		2021/22 Council Tax £000	2021/22 Business Rates £000	2021/22 Total £000
Income						
(106,745)	-	(106,745)	Council Tax Receivable	(112,216)	-	(112,216)
-	(42,336)	(42,336)	Business Rates Receivable	-	(59,573)	(59,573)
-	(110)	(110)	Transitional Protection Payments Receivable	-	-	-
(106,745)	(42,446)	(149,191)	Total Income	(112,216)	(59,573)	(171,789)
Expenditure						
Precepts and Demands:						
-	33,615	33,615	Central Government	-	34,737	34,737
83,155	6,723	89,878	Warwickshire County Council	85,749	6,947	92,696
13,291	-	13,291	The Office of the Warwickshire Police and Crime Commissioner	14,145	-	14,145
11,323	26,892	38,215	Warwick District Council	11,726	27,789	39,515
107,769	67,229	174,998		111,620	69,473	181,093
Distribution of earlier years' Collection Fund Surplus/(Deficit):						
(1,351)	(300)	1,051	Warwickshire County Council	(284)	(2,662)	(2,946)
-	(1,501)	(1,501)	Central Government	-	(13,312)	(13,312)
(215)	-	215	The Office of the Warwickshire Police and Crime Commissioner	(46)	-	(46)
(185)	(1,201)	(1,016)	Warwick District Council	(39)	(10,649)	(10,688)
(1,751)	(3,002)	(1,251)		(369)	(26,624)	(26,993)
Charges to the Collection Fund:						
281	156	437	Write-offs of uncollectable amounts	331	271	602
-	219	219	Warwick District Council: Cost of Collection Allowance	-	217	217
-	-	-	Increase / (Decrease) in Bad Debts Provision	-	-	-
-	(3,628)	(3,628)	Increase / (Decrease) in Provision for Appeals	-	(718)	(718)
-	-	-	Transitional Protection Payments payable	-	60	60
-	15	15	Renewable Energy Disregard	-	15	15
-	-	-	Interest payable	-	-	-
281	(3,238)	(2,957)		331	(155)	176
Movement On Fund:						
(446)	18,543	21,599	Net (Surplus) / Deficit for Year	(634)	(16,879)	(17,513)
1,607	3,625	5,232	(Surplus) / Deficit brought forward 1 April	1,161	22,168	26,831
1,161	22,168	26,831	(Surplus) / Deficit carried forward 31 March	527	5,290	9,319

Notes to the Collection Fund

1. General

The Collection Fund is a statutory account which shows the transactions of the billing authority (Warwick District Council) in terms of Council Tax and Business Rates and demonstrates how income from these sources is distributed to precepting bodies and the General Fund. The surplus or deficit on the Collection Fund at the year-end is distributed to, or recovered from, the billing authority and the precepting bodies on the basis of fund outturn balance estimates made in the January before the year end.

2. Council Tax

Council Tax income is derived from charges according to the value of residential properties that have been classified into eight valuation bands. These numbers are adjusted for various items. The number of properties for each band is then converted into a Band D equivalent by applying a designated ratio to arrive at the Council Tax Base. Individual charges are determined by dividing the demands and precepts of the Council, Warwickshire County Council and The Office of the Warwickshire Police and Crime Commissioner by the Council Tax base. The Council Tax base for 2021/22 was calculated as follows:

Band	Dwellings in Banding List	Disabled Persons Adjustments No of Cases	Less Exemptions Properties Affected	Less Discounts	Adjusted Amount for Council Tax	Ratio	Band D Equivalent Dwellings
@	-	11	-	(1.70)	9.30	5 / 9	5.17
A	4,912	16	327	(1,346.60)	3,908.40	6 / 9	2,605.60
B	12,139	46	691	(2,798.00)	10,078.00	7 / 9	7,838.44
C	17,772	14	626	(2,780.50)	15,631.50	8 / 9	13,894.67
D	12,889	(31)	390	(1,681.70)	11,566.30	9 / 9	11,566.30
E	7,614	(10)	403	(1,205.70)	6,801.30	11 / 9	8,312.70
F	5,124	(4)	116	(465.50)	4,770.50	13 / 9	6,890.72
G	4,221	(22)	41	(237.20)	4,002.80	15 / 9	6,671.33
H	437	(20)	8	(29.70)	395.30	18 / 9	790.60
	65,108	-	2,602	(10,546.60)	57,163.40		58,575.53
Adjustment for new properties, collection rates, changes during the year for successful							846.15
Less Council Tax Support Scheme							(3,504.93)
Council Tax Base 2021/22							55,916.75

Income from Business Ratepayers

Under the arrangements for uniform business rates, the Council collects non-domestic rates for its area which are based on local rateable values multiplied by a uniform rate.

The two multipliers set by Government are:

- The Small Business Non-Domestic Rate Multiplier of 49.9p for businesses with a rateable value of less than £50,999.
- The Non-Domestic Rate Multiplier of 51.2p for other businesses with a rateable value of £51,000 or greater.

The total rateable value of properties in the Warwick District area was £172,492,811 at 31 March 2022.

Group Accounts

Introduction

The Council is a complex organisation and undertakes a broad range of activities, often in conjunction with external organisations. In some cases, the Council has an interest in these organisations demonstrated through ownership or control/significant influence.

The CIPFA Code of Practice requires that where an Authority has material financial interests and a significant level of control over one or more entities, it should prepare group accounts. The aim of these statements is to give an overall picture of the Council's financial activities and the resources employed in carrying out those activities.

"A subsidiary is an entity including an unincorporated entity such as a partnership that is controlled by another entity (the Council), known as the parent."

Milverton Homes Ltd is classified as a subsidiary of Warwick District Council and has therefore been consolidated and the required group accounts produced.

The financial statements of Milverton Homes Ltd have been consolidated with those of Warwick District Council on a line-by-line basis which has eliminated intra-group balances, transactions, income and expenditure between the Council and the subsidiary

The Council incorporated Milverton Homes Ltd Company number 13123477 during 2020/21 as a wholly owned subsidiary company with the nature of the business being 4110 – Development of building projects and the provision of privately rented housing. Incorporation was achieved with Companies House on 8th January 2021.

The Accounts for Milverton Homes Ltd 2021/22 have been produced externally by FORTUS Audit Ltd, Chartered Accountants & Statutory Auditors.

The Group Accounts include the following:

- Group Comprehensive Income and Expenditure Statement – shows all resources related to providing services and managing the Group including expenses and income on an accrual's basis.
- Group Movement in Reserves - shows the movement in the year on the usable and unusable reserves together with the Group reserves.
- Group Balance Sheet - reports the Group financial position at the year-end.
- Group Cash Flow Statement - shows the changes in cash and cash equivalents of the Group during the year.
- Notes to the Group Accounts where the balances are materially different to those in the single entity accounts or material in nature.



Group Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the Group accounting cost in the year of providing services and operations

Gross Expenditure 2020/21	Gross Income 2020/21	Net Expenditure 2020/21	Portfolio	Note	Gross Expenditure 2021/22	Gross Income 2021/22	Gross Income 2021/22	Group Share Expenditure 2021/22 £000	Group Gross Income 2021/22 £000	Group Total Gross Income 2021/22 £000
£000	£000	£000			£000	£000	£000			
905	(413)	492	Assets		4,864	(3,765)	1,099			1,099
1,880	(491)	1,389	Community Protection		6,553	(3,653)	2,900			2,900
4,415	(867)	3,548	Culture, Tourism & Leisure		7,186	(3,466)	3,720			3,720
3,119	(2,152)	967	Development Services		6,898	(5,948)	950			950
2,570	(748)	1,822	Place & Economy		3,601	(1,183)	2,418			2,418
12,000	(5,391)	6,609	Environment & Operations		19,372	(11,210)	8,162			8,162
2,637	(5,503)	(2,866)	Finance		9,041	(8,653)	388			388
5,806	(2,283)	3,524	Housing Services - GF		8,762	(7,779)	983		50	1,033
19,150	(28,767)	(9,617)	Housing Services - HRA		27,924	(35,866)	(7,942)		56	(7,886)
190	(53)	137	ICT Services		3,600	(3,407)	193			193
1,632	(13)	1,619	Law & Governance		3,637	(2,274)	1,363			1,363
234	(30)	204	People and Communication		3,114	(3,103)	11			11
25,763	(24,058)	1,705	Revenues & Customer Services		26,340	(24,705)	1,635			1,635
1,681	(68)	1,613	Strategic Leadership		7,965	(1,894)	6,071			6,071
81,982	(70,837)	11,146	Cost of Services - continuing operations		138,857	(116,906)	21,951	0	106	22,057
2,719	(756)	1,963	Other Operating Income and Expenditure	11	2,798	(2,627)	171			171
6,160	(2,454)	3,706	Financing and Investment Income and Expenditure	12	7,631	(3,794)	3,837			3,837
5,695	(36,416)	(30,721)	Taxation and Non-Specific Grant Income and Expenditure	13	60,895	(93,395)	(32,500)			(32,500)
		(13,906)	(Surplus) or Deficit on Provision of Services				(6,541)	0	0	(6,435)
			Associates & Joint Ventures Accounted for on an Equity Basis				0			0
			Tax Expenses of Subsidiaries				0			0
							0	0	0	0
		(11,030)	(Surplus) or Deficit on revaluation of Non Current Assets	24		(3,051)	(3,051)			(3,051)
		1,764	Impairment Losses on Non Current Assets Charged to the Revaluation Reserve	24		8,044	8,044			8,044
		0	Surplus or deficit on revaluation of available for sale financial assets	24		0	0			0
		11,512	Remeasurement of the net defined benefit liability / (asset)	24		(23,593)	(23,593)			(23,593)
			Share of Other Comprehensive Income & Expenditure of Associates & Joint Ventures				0			0
		2,246	Other Comprehensive Income and Expenditure				(18,600)	0	0	(18,600)
		(11,660)	Total Comprehensive Income and Expenditure				(25,141)			(25,035)

Group Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end of the year on the different reserves held by the group.

2021/22	General Fund Balance	Housing Revenue Account	Capital Receipt Reserves	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Council's Share of Unusable Reserves of Group	Total Group Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2021 carried forward	36,203	30,952	7,830	5,994	5,008	85,987	317,256	403,243		403,243
Movement in reserves during 2021/22										-
Total Comprehensive Income and Expenditure	1,392	5,243	-	-	-	6,635	55,715	62,350		62,350
Adjustments from income & expenditure charged under the accounting basis to the funding basis (see note 8)	(6,181)	(4,674)	5,158	156	1,164	(4,377)	8,106	3,729		3,729
Adjustments Between Group Accounts & Authority Accounts									(277)	(277)
Increase / (Decrease) in 2021/22	(4,789)	569	5,158	156	1,164	2,258	63,821	66,079	(277)	65,802
Balance at 31 March 2022 carried forward	31,414	31,521	12,988	6,150	6,172	88,245	381,077	469,322	(277)	469,045

2020/21	General Fund Balance	Housing Revenue Account	Capital Receipt Reserves	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Council's Share of Unusable Reserves of Group	Total Group Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2020 carried forward	23,073	26,937	7,257	6,500	2,147	65,914	325,655	391,569	-	391,569
Movement in reserves during 2020/21										
Total Comprehensive Income and Expenditure	8,212	5,694	-	-	-	13,906	(2,246)	11,660	-	11,660
Adjustments from income & expenditure charged under the accounting basis to the funding basis (see note 8)	4,918	(1,679)	573	(506)	2,861	6,167	(6,153)	14	-	14
Adjustments Between Group Accounts & Authority Accounts									-	-
Increase / (Decrease) in 2020/21	13,130	4,015	573	(506)	2,861	20,073	(8,399)	11,674	0	11,674
Balance at 31 March 2021 carried forward	36,203	30,952	7,830	5,994	5,008	85,987	317,256	403,243	0	403,243

Group Balance Sheet

The Group Balance Sheet summarises the financial position of the Council and its subsidiary as a whole. It shows the value of group assets and liabilities at the end of the financial year.

31 March 2021		Note	31 March 2022	Group Share	Group Total
£000			£000	31 March 2022 £000	31 March 2022 £000
Operational Assets:					
411,124	Council Dwellings		438,085		438,085
7,967	HRA Land and Buildings		8,117		8,117
73,460	Other Land and Buildings		73,965		73,965
4,315	Vehicles, Plant, Furniture and Equipment		7,097		7,097
3,368	Infrastructure Assets		5,090		5,090
7,687	Community Assets		7,742		7,742
Non-Operational Assets					
1,623	Surplus Assets		1,595		1,595
32,477	Assets under Construction		63,148		63,148
542,021	Property, Plant and Equipment	14	604,839	0	604,839
9,035	Heritage Assets	15	9,091		9,091
10,035	Investment Properties	16	10,301		10,301
250	Intangible Assets		533		533
6,641	Long Term Investments	17	22		22
0	Long Term Investment in Associates & Joint Ventures		277	(277)	0
7,024	Long Term Debtors	17	56,014		56,014
575,006	Long Term Assets		681,077	(277)	680,800
19,513	Short Term Investments	17	25,528		25,528
0	Assets Held for Sale	18	0		0
16	Inventories		14		14
23,945	Short Term Debtors	19	5,592		5,592
28,390	Cash and Cash Equivalents	21	50,727		50,727
71,864	Current Assets		81,861	0	81,861
(33,491)	Short Term Creditors	22	(35,835)		(35,835)
(904)	Provision Liabilities payable in less than 1 year	23	(254)		(254)
(34,395)	Current Liabilities		(36,089)	0	(36,089)
(153)	Long Term Creditors		(153)		(153)
(3,331)	Provision Liabilities payable in more than 1 year	23	(3,637)		(3,637)
(148,157)	Long Term Borrowing	17	(208,157)		(208,157)
(12)	Other Long Term Liabilities	17	0		0
(7,733)	Capital External Grants/Contributions in Advance	34	(11,852)		(11,852)
(49,846)	Net Pensions Liability	39	(33,727)		(33,727)
(209,232)	Long Term Liabilities		(257,526)	0	(257,526)
403,243	Net Assets		469,323	(277)	469,046
85,987	Usable Reserves	33	88,246		88,246
317,256	Unusable Reserves	24	381,077	(277)	380,800
403,243	Total Reserves		469,323	(277)	469,046

Group Cash Flow Statement

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

2020/21 £000		Notes	2021/22 £000	Group £000	Total £000
(13,906)	Net (Surplus) or deficit on the provision of services		(8,262)		(8,262)
(11,284)	Adjust net (surplus) or deficit on the provision of services for non cash movements	25	4,025		4,025
10,541	Adjust for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	25	11,955		11,955
(14,649)	Net cash flows from Operating Activities		7,717	0	7,717
13,634	Investing Activities	26	91,646		91,646
2,738	Financing Activities	27	1,175	(277)	898
1,723	Net (increase) or decrease in cash and cash equivalents		100,539	(277)	100,262
(30,113)	Cash and cash equivalents at the beginning of the reporting period		(30,113)		(30,113)
(28,390)	Cash and cash equivalents at the end of the reporting period		70,426	(277)	70,149

Group Notes to the Accounts

Explanatory Notes to the Group Accounts

The relevant explanatory notes have been prepared on a consolidated basis. The notes below give information on the areas that have materially changed on consolidation of the Group entities into the Council's accounts or are material in nature.

1. Group Accounting Policies

Milverton Homes Ltd has prepared 2021/22 accounts using accounting policies consistent with those applied by the Council.

Milverton Homes Ltd accounting policies differ to the Councils where Taxation is concerned, Milverton Homes is not currently VAT Registered and is liable to pay Corporation Tax.

Milverton Homes Financial Statement have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006.

Both entities have an aligned financial year end of 31 March.

Warwick District Council is the immediate parent company and ultimate controlling party of Milverton Homes Limited is its sole shareholder.

2. Basis of Preparation

The Statement of Accounts is prepared on a "going concern" basis. This is the assumption that the Council and Milverton Homes Ltd will continue in operational existence for the foreseeable future.

3. Inclusion within the Group Accounts

The Council has business relationships with a number of entities over which it has varying degrees of control or influence. These are classified into the categories of subsidiaries, associates, and joint ventures. The meaning of these terms is outlined below:

- Subsidiary - “A subsidiary is an entity including an unincorporated entity such as a partnership that is controlled by another entity (the Council), known as the parent.” Milverton Homes Ltd is the wholly owned Subsidiary of Oldham Council and accounts have therefore been consolidated.
- Associate - “An associate is an entity over which an investor (the Council) has significant influence.”
- Joint Venture – “A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement”

The Council does not currently have any other material associate or joint venture arrangements with any other entities that need to be consolidated into the Group Accounts.

The Council does have a number of Joint Operations which have not been included in the Group Accounts; more detail regarding each of these organisations can be found in the Related Parties Note.

4. Consolidation of Subsidiaries

As a subsidiary entity, Milverton Homes Ltd Accounts have been consolidated on a line-by-line basis with all intra-group transactions and balances removed.

5. Related Parties - Other Entities linked with the Subsidiary and Council

Crewe Lane LLP is a housing development vehicle and is a 50/50 Joint Venture between Milverton Homes Limited (Company Number 13123477) and Vistry Partnerships Limited (Company Number 00800384).

During the 2020/21 and 2021/22 Financial years the Council issued Loans with a total value of £60m to Crewe Lane Kenilworth JV LLP (Company number OC426015) to facilitate the construction of 620 dwellings in Kenilworth.

The Council's Loan transactions have been included in the Council's 2020/21 Financial Statements. All loan interest and capital repayments will be serviced by and are the liability of Crewe Lane Kenilworth JV LLP and financial security and contingencies have been put in place in line with legal and financial advice. The interest payable to the Council for facilitation these loans is charged at a commercial rate and any surpluses will be retained by the Council to support service operation.

The Joint venture is planned to last at least 6 years up to 2028 and will provide 248 affordable and social housing dwellings will be constructed and sold to the Council's HRA in phases. Milverton Homes Ltd will also purchase 62 dwellings from Crewe Lane LLP during this period.

Milverton Homes has £1 Capital invested in the Crewe Lane LLP Joint Venture and there have been no material transactions between the Crewe Lane LLP and Milverton Homes Ltd in the 2021/22 financial year. Milverton Homes has accounted for the £1 investment in its financial statements and has adopted the cost model of accounting for joint ventures in line with FRS 102 para 15.9 where Investments in Joint ventures are measured at cost, less any accumulated impairment losses.

6. Risks

Milverton Homes depends on the Council for Ongoing Financial Support. The Council is committed to providing this support in the short to medium term as Milverton Homes Ltd assists with the provision of market rental and affordable housing in Warwick District. Provision of expected loan drawdowns and other

financial support has been incorporated into the Council's cash flow forecasts and medium-term financial plans

7. Property Plant & Equipment

Milverton Homes has not yet adopted any housing stock during the 2021/22 financial year.

Glossary

This section explains complicated or technical terms that have been used in this document.

Accruals

Cost of goods and services received in the financial year but not yet paid for.

Actuarial Gain (Loss)

The changes in the pension fund's deficits or surpluses that arise because of:

- a) Events have not coincided with the assumption used by the actuary when carrying out the previous triennial (three-yearly) valuation of the fund or
- b) The actuary changing the assumptions used in the current triennial valuation exercise from those used previously.

Agency

Where one authority (the main authority) pays another authority (the agent) to do work for them.

Amortisation

The drop in the economic benefit value of capital assets as they become out of date or depreciate.

Non-Current Asset

An item which is intended to be used for several years such as a building or a vehicle.

Band D Equivalent

Council tax is a tax on domestic properties. Each domestic property is placed in a 'Band' from A to H, based on the capital value of that property in April 1991. Band D is the middle band and the other bands are weighted in relation to Band D (e.g. Band A is weighted 6/9ths of Band D and Band H is 18/9ths of Band D). Using the weighted number of the domestic properties in the area produces the 'Band D Equivalent' number of properties.

Best Value

Under the Local Government Act 1999, local authorities must constantly aim to improve their services. Best Value is the approach introduced that gives local authorities a duty to provide local people with high-quality and efficient services.

Billing Authority

This is the local authority which collects the council tax for its area. In shire counties the district or borough council is the billing authority.

Budget

A statement of our spending plans for a financial year, which starts on 1 April and ends on 31 March.

Business Rates (Non-Domestic Rates – NDR)

Businesses pay these rates instead of Council Tax. Each year, the Government sets the rate in the pound and business rates are collected by the billing authority. The amount charged is based on multiplying the rateable value of each business property by the national rate in the pound. From 1 April 2013 Government reforms have amended this process by allowing some degree of business rate retention.

Business Rate Retention Scheme

Council's are able to keep a proportion of the business rates revenue, as well as growth on the revenue that is generated in their area. It provides a direct link between business rates growth and the amount of money council's will have to spend on local people and local services.

Capital Adjustment Account

A reserve set aside from revenue resources or capital receipts to fund capital expenditure, or the repayment of external loans and certain other capital financing transactions.

Capital Programme

Our plan of future spending on capital projects such as buying land, buildings, vehicles and equipment.

Capital Receipt

Income from selling non-current assets. Capital receipts can be used to finance new capital expenditure or repay long term debt within rules set by central Government, but they cannot be used to finance day-to-day revenue spending.

Capital Spending

Spending on non-current assets that have a lasting value, for example, land, buildings and large items of equipment such as vehicles.

Capital Spending Charged to Revenue

Paying for capital spending direct from the Council's revenue monies.

Cash-flow Statement

Summarises cash paid to and received from other organisations and individuals for capital and revenue purposes.

CIPFA

Chartered Institute of Public Finance and Accountancy. One of the major accountancy institutes that specialises in the public sector.

Collection Fund

A fund managed by the billing authority (this Council), to receive business rates income and council tax income. It is also used to make payments to the national business rates pool and to pay a share of council tax collected to the County Council, Police Authority, this Council and the town and parish council's.

Community Assets

The class of fixed assets held by an authority in perpetuity that have no determinable useful life and may have restriction on their disposal, such as parks and open spaces, historical buildings, works of art, etc.

Component Depreciation

Is a procedure in which the cost of a large item of property, plant and equipment is allocated to different components of the asset and each component is depreciated separately. This procedure is also referred to as componentisation.

Contingent Asset

An asset arising from past events, whereby its existence can only be confirmed by one or more uncertain future events not wholly within the control of the Council.

Contingent liability

A possible obligation which may arise when we know the outcome of outstanding claims made against us.

Corporate and Democratic Core

Spending relating to the need to co-ordinate and account for the many services we provide to the public, including the cost of member representation and activities associated with public accountability.

Council Tax

A tax charged on domestic householders based on which of eight Council Tax Bands their property falls into. There is a reduction for empty properties or if you live on your own. Since 1 April 2013 council's must have a council tax reduction scheme, which allows for council tax reductions for people, or classes of people, who are considered to be in financial need. In Warwickshire, the district or borough council issues council tax bills and collects the council tax. The level is determined by the revenue expenditure requirements for each authority divided by the council tax base for the year.

Council Tax Base

An assessment by each billing authority of the number of properties, converted to Band D equivalents (the average band), on which a tax can be charged. The calculation allows for new properties, exemptions, discounts, appeals and a provision for non-collection.

Credit Rating

A credit rating assesses the credit worthiness of an individual, corporation or country. Credit ratings are calculated from financial history and current assets and liabilities. Typically, a credit rating tells a lender or investor the probability of the entity being able to pay back a loan.

Creditors

People or organisations we owe money to for work, goods or services which have not been paid for by the end of the financial year.

Current Assets

Short-term assets that constantly change in value such as inventories, debtors and bank balances.

Current Liabilities

Monies that are due to be paid in less than one year, such as bank overdrafts and money owed to suppliers.

Current Service Cost

The current service cost is the increase in the value of the pension scheme's future pension liabilities arising from the employee's ongoing membership of the pension scheme.

Current Spending

The yearly running costs of local authorities, not including specific grants and the cost of acquiring non-current assets.

Curtailment Costs

Curtailment costs are the amounts of money that are paid to a new pension scheme when a defined group of staff transfer from one pension scheme to another. The costs represent the value of the pension rights accrued by the transferring staff.

Debtors

People who owe us money for goods and services that is not paid by the end of the financial year.

Depreciation

The drop in the economic benefit value of tangible non-current assets such as buildings and vehicles, which reflects wear and tear, age and obsolescence.

Earmarked Reserves

Money set aside for a specific purpose.

Expected Credit Loss

The probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of a financial instrument.

Fair Value

The price that could be received for an asset sold or a liability settled in an orderly transaction, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy or sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

Financial Instrument

A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

General Fund

The account that records and finances Council revenue expenditure, other than HRA.

General Reserves

Money set aside to be used in the future to meet unforeseen eventualities.

Government Grants

Payment by the Government towards the cost of local authority services. These are either for particular purposes or services (specific grants) or to fund local services generally (revenue support grant).

Gross Spending

The cost of providing our services before allowing for Government grants or other income.

Heritage Asset

A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Housing Revenue Account (HRA)

A separate statutory account dealing with the revenue income and expenditure arising from the provision of Council-owned and managed dwellings.

Impairment

A reduction in the carrying value of a non-current asset as a result of a physical change in its condition, or a significant decline in its market value.

Infrastructure Assets

A class of assets whose life is of indefinite length and which are not usually capable of being sold, such as highways, drains and footpaths.

International Financial Reporting Standards (IFRS)

Accounting standards / practices on the way we need to treat certain items in our accounts.

Inventories

Goods bought that have not yet been used. Also known as stock.

Investments

The purchase of financial instruments in order to receive income and/or make capital gain at a future time, however with the overriding concern being security of the initial sum invested.

Investment Properties

Land and/or buildings held solely to earn rentals or for capital appreciation or both, rather than for operational purposes.

Liabilities

Money we will have to pay to people or organisations in the future.

Loss

The amount left over when expenses are higher than all income received.

Material Related-Party Transactions

Two or more organisations are 'related parties' if, during the year, one of them has some form of control over the other. By 'material' we mean 'of significant value'.

Materiality

Information is material if its omission or misstatement, individually or collectively, could influence the decisions that users make on the basis of financial information about a specific reporting entity.

Minimum Revenue Provision (MRP)

The prudent minimum amount which the Council must set aside each year to repay loans and other long term liabilities such as finance leases. This has the effect of reducing the Capital Financing Requirement.

Net Book Value (NBV)

The balance sheet value of a non-current asset after depreciation and/or impairment.

Net Spending

The cost of providing a service after allowing for specific grants and other income from fees and charges (i.e. not including council tax and money from the Government).

Non-Distributed Costs

Past service pension costs including settlements and curtailments which are not to be included in total individual service costs.

Notional

An accounting entry where there is no actual cash transfer.

Operating Lease

A type of lease, usually of computer equipment, vehicles, office equipment, etc., where the ownership of the goods and any risks and rewards remain with the lessor, therefore it is revenue expenditure and not capital expenditure.

Overheads

Spending on items not directly related to the supply of our services, for example, office cleaning costs.

Past Service Costs

The past service cost is the extra liability that arises when we grant extra retirement benefits that did not exist before, such as when we agree early retirement or extra years of service.

Pensions Interest Cost and Expected Return on Assets

All members of the scheme are one year older. The pensions interest cost is the increase in the value of the liabilities that arise because those liabilities are one year closer to being paid. The return on assets is the value of the return expected to be achieved on the fund's investments in the long-term.

Petty Cash

Small sums of cash kept by departments to pay minor expenses.

Precept

The demand levied by a non-billing authority (County Council, Police Authority, parish and town council's) on the Collection Fund managed by a billing authority (this Council) towards their annual spending.

Property, Plant and Equipment (also known as Non-Current Assets)

A physical (tangible) asset that is expected to be held for operational purposes for several years, such as land, buildings and vehicles.

Provisions

Amounts set aside to meet specific service liabilities of uncertain timing or amount and to meet spending.

Prudential Code

A statutory code of practice introduced on 1 April 2004 by Part 1 of the Local Government Act 2003, which allows local authorities to borrow without Government consent, provided that they can afford to service the debt from their own resources and that any such borrowing is prudent and sustainable. This requires the preparation and approval of various indicators.

Rateable Value (RV)

A value placed on all non-domestic properties (businesses) on which rates have to be paid, broadly based on the rent that the property might earn, after deducting the cost of repairs and insurance. The rateable value is determined by the Valuation Office Agency.

Reconciliation

A reconciliation explains how figures are worked out, and shows how they are used in different statements in our accounts.

Reimbursements

Payments we receive for work we do for other public organisations, for example, the Government.

Reserves and Funds

Savings we have built up from surpluses that are carried forward to meet future obligations.

Revaluation Reserve

Store of gains on the revaluation of non-current assets.

Revenue Spending

Spending on the day-to-day running of services including salaries and wages, running expenses of buildings and equipment, contract payments, supplies and capital financing costs. These costs are met from council tax, business rates, Government grants, fees and charges.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Legislation in England and Wales allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a fixed asset. Examples include works on property owned by other parties, renovation grants and capital grants to other organisations.

Revenue Support Grant

Traditionally the main Government grant to support local authority services. From 2019/20 onwards this reduces to nil for this Council.

Soft Loans

Loans made at less than the market rate of interest.

Specific Grants

Payments from the Government to cover local authority spending on a particular service or project. Specific grants are usually a fixed percentage of the costs of a service or project.

Surplus

The remainder after taking away all expenses from income.

Independent Auditors Statement

Annual Governance Statement

WARWICK DISTRICT COUNCIL

ANNUAL GOVERNANCE STATEMENT 2021/22

1 Introduction

- 1.1 The Accounts and Audit Regulations 2015 require the Council to prepare an annual governance statement.
- 1.2 Governance is about how an organisation is directed and controlled to achieve its objectives. It therefore comprises the systems, structures, and values that an organisation has in place to achieve those objectives. Good governance requires that objectives be achieved not only efficiently and effectively but also ethically and in compliance with laws and recognised standards of conduct.
- 1.3 Good governance comprises robust systems and sound structures together with effective leadership and high standards of behaviour.
- 1.4 In short, governance is “Doing the right things, in the right way.”

2 The Purpose of the Annual Governance Statement

- 2.1 This Statement provides a summarised account of how Warwick District Council’s management arrangements are set up to meet the principles of good governance set out in the Council’s Constitution and how assurance is obtained that these are both effective and appropriate. It is written to provide the reader with a clear and straightforward assessment of how the governance framework has operated over the past financial year (but also up to the time of approval of the financial statements) and to identify any weaknesses or gaps in our arrangements that need to be addressed.
- 2.2 The format and scope of this Statement follows that prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA).

3 The Council’s Governance Framework

- 3.1 Warwick District Council must operate in accordance with the law and appropriate standards and ensure that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively.
- 3.2 Warwick District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.
- 3.3 In discharging these responsibilities Warwick District Council is responsible for putting in place suitable governance arrangements, including provisions for the management of risk.
- 3.4 The governance framework comprises the systems and processes, culture, and values by which the authority is directed and controlled as well as its activities through which it accounts to, engages with, and leads its communities. It enables the authority to monitor the achievement of its

strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

- 3.5 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve aims and objectives and can therefore provide only reasonable, not absolute, assurance of effectiveness.
- 3.6 Warwick District Council has approved and adopted a Local Code of Corporate Governance that is consistent with the principles of the latest CIPFA/SOLACE¹ Framework for Delivering Good Governance in Local Government (2016).
- 3.7 The Council's corporate strategy is set out in its Fit for the Future (FFF) programme which draws together a shared vision, setting out the Council's objectives and priorities for the district and how these are to be achieved. The FFF programme is the key planning instrument for the Council. In February 2020 the Council adopted a new Business Strategy. The Strategy is based around five themes and is used to identify and prioritise the work programme up to 2023. Officers have commenced work on a revised Business Strategy in readiness for discussions with the new administration to be elected in May 2023.
- 3.8 Delivery of the Council's change programme is through the Service Area Plans in which the corporate objectives are translated into more specific aims and objectives. These are then fed down into individual performance development reviews through the Council's performance appraisal system. These include agreed expectations and, where appropriate, service standards against which service quality and improvement can be judged. Performance is monitored by individual services and made available to all Councillors through the Business Improvement Portal.
- 3.9 This said effective performance management oversight has not been fully resolved, and the range and content of performance data that councillors receive is under review as part of the Service Area Planning Process. Training is also being investigated to have a briefing for Councillors on improved access to the data and scrutiny of it.
- 3.10 Warwick District Council's Constitution establishes the roles and responsibilities for members of the Cabinet, Finance & Audit (F&A) Scrutiny Committee, Overview & Scrutiny (O&S) Committee and Standards Committee, together with officer functions. It should be noted, however, that the Committee arrangements changed from May 2022 with the establishment of a new Audit & Standards Committee to replace F&A with elements of F&A's remit moving to O&S. It includes details of delegation arrangements, the Councillors' Code of Conduct, and protocols for councillor/officer relations. The Constitution is kept under review to ensure that it continues to be fit for purpose. The Council has adopted a Standards regime pursuant to the Localism Act 2011 and appointed a Standards Committee. Conduct of officers is governed through the Employee Code of Conduct and through the values and behaviours which are part of the Council's individual performance appraisal system.
- 3.11 The Constitution contains procedures, rules and financial regulations that define clearly how decisions are taken and where authority lies for decisions. The statutory roles of Head of Paid Service, Monitoring Officer and Chief Financial Officer are described together with their contributions to provide robust assurance on governance and that expenditure is lawful and in line with approved budgets and procedures. The influence and oversight exerted by these posts is backed by post-holders' membership (whether permanent or 'as required') of the Senior Leadership Team² (SLT).

¹ Chartered Institute of Public Finance & Accountancy / Society of Local Authority Chief Executives

² The Senior Leadership Team comprises heads of services together with the Chief Executive, Deputy Chief Executive and Programme Director for Climate Change.

- 3.12 In 2010 CIPFA published a statement on the Role of the Chief Financial Officer (CFO) in local government, setting out core principles and standards relating to the role of the CFO and how it fits into the organisation's governance arrangements.
- 3.13 A specific statement is required to be reported in the Annual Governance Statement on whether the authority's financial management arrangements conform to the governance requirements of the CIPFA Statement.
- 3.14 The governance requirements in the CIPFA Statement are that the CFO should be professionally qualified, report directly to the Chief Executive and be a member of the Leadership Team³, with a status at least equivalent to other members. The Statement requires that if different organisational arrangements are adopted the reasons should be explained publicly in the Council's Annual Governance Report, together with how these deliver the same impact.
- 3.15 The Council's financial management arrangements conform to the CIPFA Statement other than in just one specific aspect:
- Head of Finance having responsibility for Asset Management.
- 3.16 With regard to asset management, responsibility for this comes under the post of Head of Assets. As with all heads of services, the Head of Assets is part of the Senior Leadership Team.
- 3.17 The Cabinet provides the strategic direction for the Council, ensuring that the Council's priorities are established and that corporate objectives are set and achieved.
- 3.18 The primary counterbalances to the Cabinet are the Finance & Audit Scrutiny (now Audit & Standards) and the Overview & Scrutiny Committees. The roles of these committees include the opportunity to provide a robust challenge to the Cabinet.
- 3.19 The Finance & Audit/Audit & Standards Scrutiny Committee monitors the performance of the Council, fulfilling the core functions of a typical 'audit committee' in respect of External Audit, Internal Audit and Risk Management. The Committee seeks assurance from the relevant Cabinet councillor (Portfolio Holder) and/or senior manager when it has concerns or queries in respect of matters relating to particular service areas.
- 3.20 'Task and Finish' Groups, comprising solely councillors, are appointed by the Scrutiny Committees to examine various issues in detail. These Groups report back to their respective Scrutiny Committees with recommendations on improvements which are, when approved, taken forward.
- 3.21 The Council has a formal complaints procedure which allows the public or other stakeholders to make a complaint regarding the service received from the Council or the conduct of councillors. The Standards Committee has responsibility for overseeing the investigation of complaints against councillors.
- 3.22 The Council has policies to help safeguard the organisation and its staff when making decisions. An Anti-Fraud and Corruption Strategy and set of Policies and Procedures, including a Fraud Response Plan, Whistleblowing Policy and Procedure, Money Laundering Policy and Procedure and Bribery Act 2010 Policy and Procedure, have been developed and communicated to all staff via the intranet and as part of the Staff Induction process. The Anti-Fraud and Corruption Strategy and the Whistleblowing Policy are reviewed by councillors annually.

³ In the Council's case, this is the Senior Leadership Team.

- 3.23 The Council has embedded Risk Management throughout its arrangements with the Significant Business Risk Register (in effect, the Council's corporate and strategic risk register) being reviewed and updated each quarter, firstly by the Senior Leadership Team and then by the Finance & Audit/ Audit & Standards Scrutiny Committee before being considered by the Cabinet who assumes overall responsibility for it.
- 3.24 Council services are delivered by staff with the appropriate skills, training, and level of experience. Job Descriptions and Person Specifications are in place for all posts and together with a rigorous recruitment and selection process this helps to ensure that the best candidates are appointed into each position. A significant commitment has also been made towards retaining good staff, by offering numerous 'work friendly' schemes and where possible encouraging succession planning and promotion from within. This ensures that valuable skills and experience are retained and passed on, rather than being lost. Training needs are identified through the performance appraisal system.
- 3.25 The individual performance appraisal system has been operated in the Council for several years, having been reviewed and subsequently refined on several occasions. Staff are measured against operational objectives that derive from the Business Strategy. The performance appraisal system also identifies learning and developmental needs to ensure that appropriate training is made available to staff to ensure that they can undertake their role effectively and have the opportunity to develop.
- 3.26 Programme Advisory Boards (PABs) have further developed in the year with one for each Portfolio Area. The PABs act in an advisory capacity, or providing guidance, in developing the projects/policies of Warwick District Council and in doing so, enabling backbench members to have greater involvement in shaping the executive decisions of the Council, particularly on services, key projects and programmes (but not day to day operations). This also helps to utilise the skills, knowledge, and talent of all Councillors in a more effective way. There is further development work to ensure a more consistent approach of the PABs and a report is anticipated to come forward from the Leader of the Council in the new Municipal year.
- 3.27 The Council has also established a joint advisory group of Councillors and a Joint Cabinet Committee with Stratford-on-Avon District Council in respect of the South Warwickshire Local Plan. The latter had its first meeting in April 2021. This will continue despite the decision by both sets of Members not to proceed with the merger proposals.
- 3.28 The two Scrutiny Committees have continued to reflect and develop their core areas of work. They have revised how they select areas for scrutiny, having developed and tested a method for selecting areas to look at. This was considered for formal adoption at the scrutiny meetings in April 2021.
- 3.29 The Council strives to be open and accessible to the community. All Council committee meetings are open to the public except where confidential matters are discussed. All agendas and minutes are placed on-line, along with the Council's policies and strategies. Councillors are encouraged to ask questions on reports in advance of the committee meetings and, unless they are on confidential matters, these and the answers are then made available to the public on the Council's website along with the agenda and papers. All Council meetings that are held in the Council Chamber, such as the meetings of the Council's Cabinet, are recorded and broadcast via YouTube. When identifying the priorities and objectives for Council strategies, the views of stakeholders and the wider community are sought through a number of consultation mechanisms and are taken into account.
- 3.30 There are terms of reference and constitutions set up for key partnerships which ensure that partners act lawfully throughout the decision-making process. Key partnerships include the

Coventry and Warwickshire Local Enterprise Partnership and South Warwickshire Crime and Disorder Partnership. Warwick District Council also works closely with several other councils and operate shared services for Building Control, Business Rates, Corporate Fraud and Legal Services.

- 3.31 At the end of 2019, the Council introduced the position of Performance Management Officer. Part of the role is to monitor the information published on the website to ensure it meets the 2015 Local Government Transparency Code. The Council strives to publish information that is accessible and understandable to Councillors and the public and continues to seek to make improvements in this. An example of this is achievement of the required Website Content Accessibility Guidelines (WCAG).
- 3.32 Also, the Council's Scrutiny Committees looked at various areas of Council decision-making and service delivery, with their annual reports submitted to Council. This included a Task & Finish Group that looked at Equality and Diversity, with an emphasis on race. The resultant recommendations, having been considered by both the Cabinet and the Employment Committee, were passed to the Transformation PAB for consideration.
- 3.33 As a key element of the governance framework, Internal Audit reviews are undertaken each year on a range of activities including one covering a specific aspect of governance.

4 Review of Effectiveness

- 4.1 Warwick District Council is required legally to conduct an annual review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of managers within the authority who have responsibility for the development and maintenance of the governance environment, the Audit & Risk Manager's annual report, annual service assurance statements completed by heads of services and by the findings and reports issued by the external auditors and other review agencies and inspectorates.
- 4.2 More information on the arrangements that provide this assurance is set out below.
- 4.3 The Council's Monitoring Officer (also Deputy Chief Executive) has responsibility for overseeing the implementation and operation of the Code of Corporate Governance, maintaining and updating the Code in the light of latest guidance on best practice, contemplating any changes that may be necessary to maintain it and ensure its effectiveness. All reports to Cabinet, Committees and Council are seen by the Monitoring Officer to ensure compliance with legal requirements.
- 4.4 The Council's Section 151 Officer has responsibility for the proper administration of the Council's finances. This includes responsibility for maintaining and reviewing the Code of Financial Practice and Code of Procurement Practice to ensure they remain fit for purpose and submitting any additions or changes necessary to the full Council for approval. An updated Code of Procurement Practice was agreed by Council in December 2018. The Section 151 Officer is also responsible for reporting any significant breaches of the Codes to the Cabinet and/or the Council. All reports to Cabinet, Committees and Council are seen by appropriate staff within the Finance Department to ensure compliance with financial requirements.
- 4.5 The CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations requires the head of internal audit to give an opinion annually to the Authority on its risk management, governance, and control environment and that this should be used as a primary source of evidence for the annual governance statement. In regard to this, the Audit and Risk Manager's Annual Report and Opinion for 2021/22 has concluded that, in overall terms, the Council has an effective internal control and governance environment. This statement is based,

however, on those audits that were able to be completed - the inability to complete three planned ICT audits inevitably qualifies this assurance.

- 4.6 In addition to the above, the Council has conducted a formal review of its internal control environment and collated evidence and assurance from a variety of sources. This has included assurances, set out on “service assurance statements”, from heads of services on the effectiveness of the internal control environment. The Statements did not reveal any issues of significant concern.
- 4.7 The work of the Council’s Internal Audit function is governed by the UK Public Sector Internal Audit Standards (PSIAS). The PSIAS are mandatory for all internal auditors working in the UK public sector. The Standards require an external and independent assessment at least every five years of the performance of public sector internal audit units and their conformance with the PSIAS. In Warwick District Council’s case a review was undertaken in 2020/21. Some areas for improvement were identified with the principal one being that the service should undertake a more risk-based approach, particularly in regard to compilation of the Audit Plan. An essential element of the assessment is to confirm that the annual audit opinion issued by Internal Audit may be relied upon as a key source of evidence and assurance and this was found to be the case. The findings of this review together with an action plan to address the issues raised were reported to the Finance and Audit Scrutiny Committee in March 2021 with an updated report in December 2021.
- 4.8 Grant Thornton was appointed as the Council’s External Auditor for five years from 2018/19 to 2022/23 and is responsible for reviewing the Council’s Statements of Accounts. In addition to reviewing the 2021/22 Statement of Accounts, Grant Thornton issued a formal opinion on the Council’s arrangements for securing Value for Money, concluding that the Council had made proper arrangements in all significant respects to secure economy, efficiency, and effectiveness in its use of resources.

5 The Impact of the Coronavirus Pandemic

- 5.1 The pandemic is revealing many issues the Council will need to reflect on as the business returns to a ‘normalised state’. It is already clear that the possibilities provided by new technology and an appetite for flexible working need to be fully harnessed to improve factors such as: work/life balance; equality, diversity, and inclusion; environmental impact; and health and well-being of both officers and Members.
- 5.2 A consequence for the Council of the pandemic has been the reduction in income from sources such as parking charges, planning fees and rent and service charges. Whilst it is not the remit of the Annual Governance Statement to go into the detail of the impact, there will be issues of financial governance to reflect upon which must cover management, monitoring, review, and scrutiny.
- 5.3 In order to help to mitigate the financial impacts of the pandemic upon local authorities, the Government has issued various ring-fenced and non-ring-fenced grants. Whilst this significantly assisted the Council’s finances in 2020/21 and 2021/22, it did not fully compensate for the financial losses. The Council’s finances are still experiencing after-shocks because of the pandemic.
- 5.4 The on-going financial implications continue to be assessed by officers and be reported to members to help to inform the decision-making process.

6 Update on Joint Working and Merger with Stratford-on-Avon District Council

- 6.1 During 2020/21 the international accountancy and consultancy firm, Deloitte, was commissioned to undertake a review of the financial and non-financial benefits of integration between Warwick District Council and Stratford-on-Avon District Council, up to and including the possibility of a full merger between the organisations.
- 6.2 The principal recommendation from Deloitte was that to achieve the maximum potential financial and non-financial benefits for the residents of South Warwickshire a full merger of the two councils should be considered. (The report can be viewed by clicking on the following link: [Deloitte Report](#).)
- 6.3 In December 2021 both Councils committed to seeking a full merger to create a new single statutory council for South Warwickshire by April 2024.
- 6.4 By the end of the 2021/22 financial year, the following progress towards a merger of the two councils had been made:
- A public consultation exercise on the proposals had been undertaken.
 - Approval for the merger had been sought from the Secretary of State.
 - Operational integration between the two authorities was well advanced with all heads of services being joint appointments and some services being either jointly provided or provided from one authority to both.
 - In relation to joint contracts and arrangements, the Waste Management Contract had been procured jointly.
 - A detailed paper on preparing a Local Plan for South Warwickshire had been agreed.
 - Several key policies had been aligned, including:
 - Joint Organisational Change Policy Statement
 - Joint Redeployment Policy and Procedure
 - Joint Redundancy Policy and Procedure.
- 6.5 However, following a meeting between Council Leaders and Chief Executives on 14 April 2022, the Leader of Stratford on Avon District Council wrote to the Secretary of State to request a delay pending further due diligence to be completed on Milverton Homes, a company set up and wholly-owned by Warwick District Council. Conversely, the Leader of Warwick District Council considered that ongoing due diligence should not prevent the service integration progressing as planned and felt that delaying the merger would create further uncertainty for residents seeking assurances about local services as well as greater uncertainty for staff, especially those facing redundancy. The Leader of Warwick District Council felt that further delay would result in trust being undermined, making it untenable for the two authorities to further integrate services or merge.
- 6.6 Consequently, the Leaders of both authorities concluded that the proposed merger could not go ahead as planned. It was felt that there was a significant difference between the approaches and ambitions of the two councils that were irreconcilable and that a joint request should now be made to the Government to cancel the merger process.
- 6.7 Some of the joint working arrangements already put in place are planned to continue, such as legal services and business rates collection. Others, however, including the Joint Management Team and the service integration programme, have ended.
- 6.8 Throughout the timeline of the merger a communications and engagement plan ensured that there was constant interaction with staff and managers. This was achieved through joint Chief Executive briefings, service managers' forums, team talks and links with the employee consultation group, Staff Voice, as well as with the principal union, Unison. The emphasis on both the benefits of the

merger and the impact if proposals didn't proceed were key to this communication. It is acknowledged, however, that feedback throughout this period was mixed - between understanding the rationale for the merger and the opportunities it would provide and significant concern over losing the Warwick identity. It is recognised that staff trust across the Council has been impacted adversely. Clearly this can have implications for governance and therefore, immediately following the decision to cancel the merger, the process began to rebuild trust. This started off as Chief Executive-led meetings with service managers, their teams and comprehensive communication activities. It is recognised, however, that much more work is needed, and a strategy will be drawn up to deliver this.

7 Significant Governance Issues

- 7.1 Performance management continues to be an issue, in particular the range and content of performance data that councillors receive. When resolved, Councillors will need to be trained to enable them to access the information and scrutinise it effectively.
- 7.2 The new Overview and Scrutiny and Audit and Standards Committee s will present challenges in terms of clarity of role. Councillors will need to be trained on the operation of the new Overview and Scrutiny and Audit and Standards Committee s to enable them to participate more confidently.
- 7.3 Staff morale has been impacted adversely as a result of the merger process. A strategy to improve staff morale is required.

8 Certification

- 8.1 The governance framework has been in place at Warwick District Council for the year ended 31 March 2022 and up to the date of approval of the annual statement of accounts.

Signed:

Councillor Andrew Day
Leader of the Council

Christopher Elliott
Chief Executive

Dated: