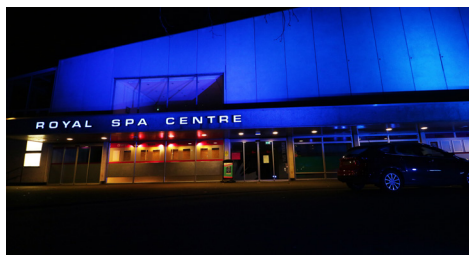


# Statement of Accounts

# 2023/24

## and Annual Governance Statement



[www.warwickdc.gov.uk](http://www.warwickdc.gov.uk)

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**Andrew Rollins, ACMA, CGMA**  
Head of Finance

# Narrative Report

## Message from the Head of Finance

### Andrew Rollins

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 2023/24
- 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.

Legislation requires that an authority's draft accounts be completed by 31 May following the year end, and an audited Statement of Accounts submitted to the appropriate body for approval by 30 September each year. 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.

A decision was made to delay the publication of the unaudited 2023/24 Statement of Accounts. This was due to:

- Delays in the completion of the Audited Accounts for 2021/22 and 2022/23
- The need to resolve outstanding issues which would impact upon the approach and information contained within the 2023/24 Statement of Accounts.

The unaudited Statement of Accounts were approved on 12 December and published on

13 December 2024 in line with the statutory backstop date.

The delay was notified through the publication of a notice 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.

In order to clear the backlog of unaudited accounts up-to-and-including financial year 2023/24, the Government have introduced backstop dates by which authorities need to publish audited accounts. The backstop date for 2023/24 has been set at 28 February 2025. This will enable the Council to focus on the most recent accounts where assurance is most valuable and relevant to support strategic decision making.

The Narrative Report provides information about Warwick District Council, its main objectives and strategies, the principal risks that it faces. It also demonstrates how the Council has used its available resources to achieve desired outcomes from both a financial and non-financial perspective and provides a summary of the financial position as of 31 March 2024.

The financial environment remains challenging with new and emerging pressures continuing to affect the Council's income streams. Where possible Council Officers have endeavoured to source additional financial support to residents and businesses in the form of grants, reliefs and energy rebates. Whilst the impact of Covid appears to now be subsiding, the focus has shifted to the significant increase in inflation and fuel costs which is putting a strain on Council and residents' resources.

Following the Local Elections in May 2023, the Green party and the Labour party established a new Cabinet to lead the Council collaboratively. The new Cabinet then agreed and set out a new Corporate Strategy, which 'sets our vision for enhancing the district by playing to our strengths without shying away from tough decisions to tackle long-standing issues.

The new Council has three strategic priorities;

- Delivering valued, sustainable services
- Low cost low carbon energy across the district
- Creating vibrant, safe and healthy communities of the future

All priorities have an overarching theme of sustainability with the first focussing on financial sustainability and how the Council will look to continue to deliver high quality valued services funded directly from in-year sources, and move away from its recent reliance on reserves.

During 2023/24, the Council faced increased costs driven by inflation levels significantly exceeding the forecasts built into the budget. At the time the budget was set in February 2023, CPI was 10.4%, just shy of the 10.7% peak in November 2022. In addition, interest rates continued to rise in the first half of the year,

from 4.25% to a peak of 5.25%. While forecasts continued to indicate that inflation and interest rates would fall significantly during the year, these ultimately fell at a pace slower than expected and remain higher than initially forecast, ending the year at 3.2% for CPI and remaining at the peak of 5.25% for most of the year from 4 August.

Despite the volatile economic environment, the Council has continued to deliver the Medium-Term Financial Strategy focussing on maintaining quality services for its residents. While inflation is coming down, it is still higher than the Government's target of 2%, and therefore will continue to have a long-term impact on the finances of the Council. In addition, higher than forecast interest rates continue to create challenges in delivering already committed projects to budget. This in turn is impacting on the viability of future projects.

To ensure the effects of the challenges faced are mitigated and to support delivery of the strategic priorities, the Council launched a Change Programme in early 2024, with a focus on achieving £2.5m of recurrent efficiencies over the next four years. The Council will continue to monitor its performance, reporting on a quarterly basis to Cabinet and Council, and if necessary, revise its Medium-Term Financial Strategy (MTFS) to reflect the impact of the economic and social environment.



# Key facts about the District

Warwick District Council is one of five district / borough councils 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 several villages, many of which are Green Belt. Warwick 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.

Warwick 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 it is above national/regional averages. The population grew over the ten years from 2011 to 2021 by over 7.8%, increased by a greater percentage than the overall population of the West Midlands (6.2%) and by a greater percentage than the overall population of England (up 6.6% since the 2011 Census).

From the National Grid and UK Battery Industrialisation Centre to the thriving Computer Games Industry, the 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.

The district has hosted major international sporting events including 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, which attracted more than 5000 visitors a day from around the world.



# Political Structure

At 31 March 2024, 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 2023/24, including the setting of a balanced budget for 2023/24, has been undertaken by either the Finance and Audit Scrutiny Committee or Overview and Scrutiny Committee.

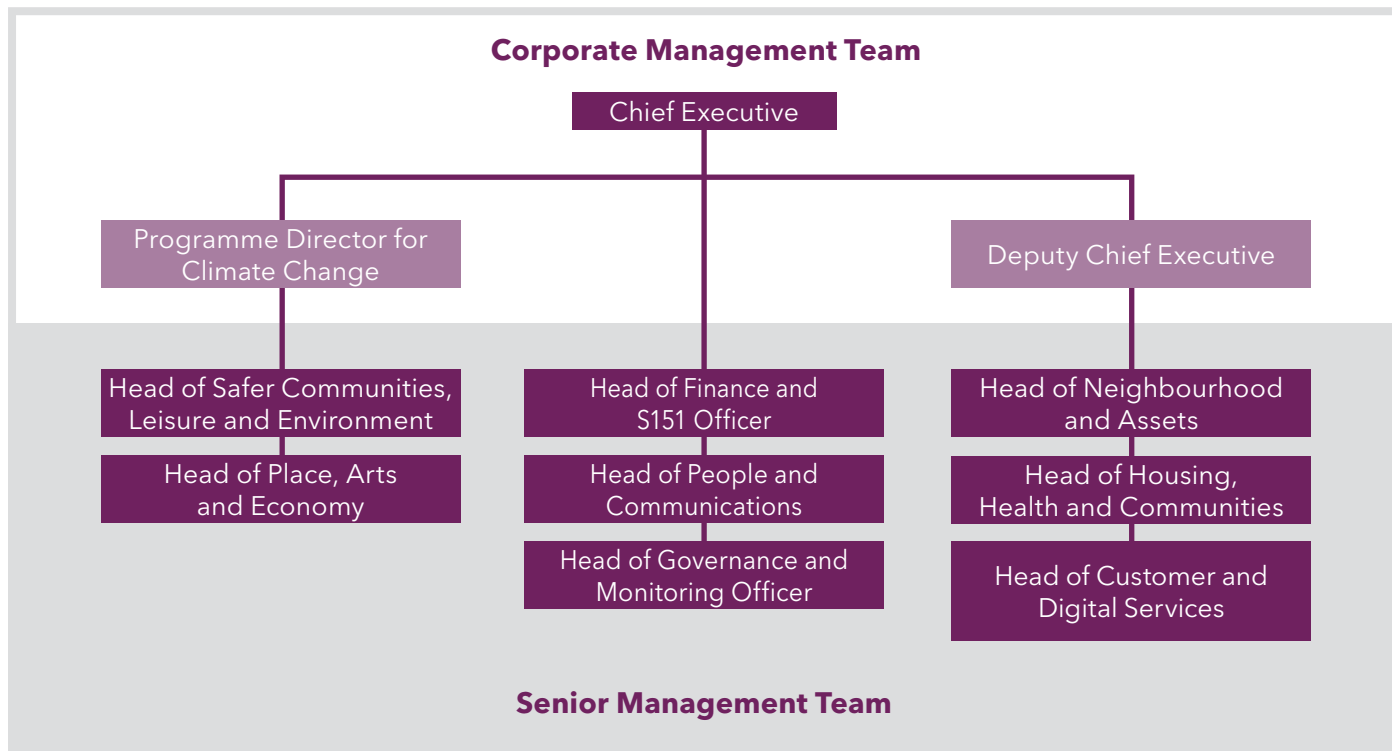
## Warwick District Council Key Information

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 and led by the Chief Executive.



During 2023/24 the Corporate Management Team was comprised of the Chief Executive, a Programme Director for Climate Change and a Deputy Chief Executive. The Deputy Chief Executive also performed the duties of the Monitoring Officer.

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 the use of resources;
- Delivering plans; and
- Reviewing the Council's effectiveness with the overall objective of providing excellent service to the public.

Supporting the Corporate Management Team is the Senior Management Team which consisted of eight Heads of Service as shown in the diagram above. This Management Structure was implemented at the beginning of September 2023.



# Council Employees

The full time equivalent number of staff employed by the Council in April 2023 was 442.17. This increased over the year to 470 at the end of March 2024, including eight apprentices, with 5 new Apprentices started in the year 23/24.

The Council is an Equal Opportunities employer that welcomes applications from all and uses a fair and open selection process based on knowledge, experience, skills, and behaviour with the aim of recruiting the best person for the job.

Warwick District Council promotes an environment that offers opportunities to all staff. The Council is committed to training and development, 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 the Warwick District Council website for more information on the updated Fit For Future Strategy and the 2023/24 service area plans.

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

# Our Values

Our values are at the heart of everything we do. They provide the basis within which we engage with our employees, and ultimately influence and shape our organisational culture. They are the driving force behind all the work we do.



## WE WILL FIND A BETTER WAY

The Council will find creative, innovative and practical solutions to problems.



## WE WILL MAKE IT HAPPEN

The Council are determined and take responsibility in all we do.



## WE WILL SHOW RESPECT

The Council will value everyone, support each other and work objectively without bias or prejudice.



## WE WILL BE COLLABORATIVE

The Council will work together with our partners and stakeholders to achieve shared goals.

# 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 and Risk
- Procurement
- Revenue

## CUSTOMER & DIGITAL SERVICES

- ICT
- Benefits & Customer Services
- Application Support
- GIS
- Helpdesk & Technical Support
- Infrastructure Services

## PEOPLE & COMMUNICATIONS

- People
- Learning & Development
- Marketing & Communications

## PLACE, ARTS AND ECONOMY

- Economic Development & Regeneration
- Enterprise
- Events & Markets
- Arts & Culture
- Tourism

## SAFER COMMUNITIES, LEISURE & ENVIRONMENT

- Environmental Health & Licencing
- Community Safety
- Emergency Planning
- Green Spaces
- Sports & Leisure
- Play Areas

## NEIGHBOURHOOD & ASSETS

- Compliance Repairs & Maintenance Facilities
- Technical Surveying & Contractors
- Building Surveying
- Internal Health & Safety
- Bereavement Services
- Public Conveniences
- Off street Car Parking & Rangers
- Refuse & Recycling Collections
- Street Cleansing,
- Grounds Maintenance

## HOUSING

- Community Health & Wellbeing
- Housing Needs
- Landlord Services (less Community Health & Well-being)
- Housing Strategy and Development
- Business Development and Change, within Housing
- Milverton Homes and Joint venture

## STRATEGIC LEADERSHIP

- Corporate Policy
- Strategic Partnerships
- Governance
- Democracy
- Leisure Development Programme
- Programme Team - Development & Delivery of Major public realm projects
- Commonwealth Games

# 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 2023, the Council will launch a new Digital Strategy built around the delivery of inclusive, valuable, and effective digital services that meet the needs of communities. The Digital Strategy will define the vision for digital services, establish key priorities for the Council's ICT and Digital Teams, and shape how the Council develops and deploys digital technologies across services to ensure the 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 the staff who

deliver the Council's vision to make Warwick District a great place to live, work and visit.

## MEDIUM TERM FINANCIAL STRATEGY FOR 2023/24 TO 2027/28

The Medium Term Financial Strategy (MTFS) was approved by the Council on 27 February 2023. 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 on options and interventions for each corporate and commercial assets. This will also assist in meeting the Climate Emergency agenda and the emerging Council Action Plan.

Visit the Warwick District Council website for more information on these strategies.

# Annual Service Area Plans

The Council had election in May 2023 which resulted in a new political administration for the Council. The Service Area plans were developed in parallel to the new Corporate Strategy and were adopted in December 2023. These Service Area Plans covered the time period 1 January 2024 through to 31 March 2025. There were 9 service area plans delivered Customer & Digital Services, Finance Service, Governance Services, Housing Service, Neighbourhood & Assets, People & Communication, Place Arts & Economy, Safer Communities Leisure & Environment, as well as Climate Directorate Project & Feasibility Study project plan. Each service area produces, in consultation with Portfolio Holders and relevant stakeholders, 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.

It should be noted this left an interim period of Time from 1 April 2023 through to 31 December 2023 where no approved service area plans were in place and service areas used the measures within the service area plans for 2022/23 for monitoring performance.

Performance against the Service Area Plan is reviewed by the 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.

# Financial Overview 2023/24

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 £17,682m by 2026/27. A year-by-year breakdown is shown in the diagram below:

REVENUE RESOURCES	2023/24 Actual '£000	2024/25 Forecast '£000	2025/26 Forecast '£000	2026/27 Forecast '£000
Business Rates	6,719	7,363	6,729	4,974
Collection Fund Balance	19	(100)	(70)	0
New Homes Bonus	1,079	902	1,529	0
Funding Guarantee	1,846	2,462	1,347	1,000
Other Grants and Government Funding	134	0	1,551	0
Council Tax	10,199	10,616	11,143	11,708
<b>Total Revenue Resources</b>	<b>19,995</b>	<b>21,243</b>	<b>22,229</b>	<b>17,682</b>

The currently approved Medium Term Financial Strategy (MTFS) forecasts a deficit of £2.434m by 2026/27. 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
- 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 2023/24 the Council approved a net General Fund budget of £10.119m, which resulted in a D Band Council Tax charge of £176.86. There is no increase from previous year.

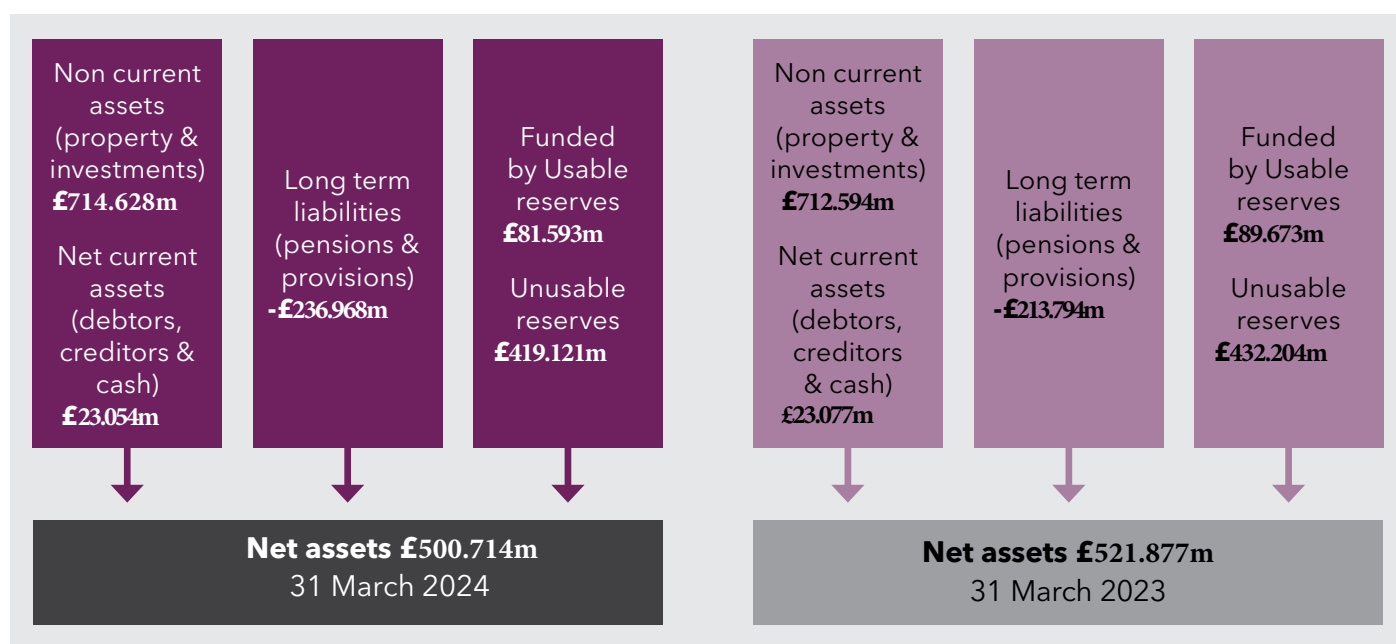
# Financial Overview 2023/24



## DURING THE YEAR, THE COUNCIL:

- Collected over £69.721m of Business Rates and £123.384m of Council Tax, of which £156.443m (81%) is passed onto Central Government and other agencies.
- Managed £15,501m of Investment Property which generated £0.849m of rental income which was used to support the provision of services within the District.
- Spent £125.063m (gross expenditure) on Council services.
- Received £52.018m of fees, charges and other service income, and Government grants and other contributions of £45.187m which were used to deliver Council services.
- Invested surplus cash balances to generate £2.078m 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 2024/25 is £33.137m, which is £31.637m above the specified minimum amount. £27.028m of this total relates to Earmarked Reserves which have been set aside for specific purposes.

# Financial Performance 2023/24

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
Neighbourhood & Assets	8,914	9,526	612
Safer Communities, Leisure & Environment	5,633	5,429	(204)
Place, Arts & Economy	8,430	8,898	468
Finance	1,084	350	(734)
Housing Services - GF	6,289	5,875	(414)
Customer & Digital Services	411	313	(98)
People and Communication	(129)	(105)	19
Strategic Leadership	2,215	1,295	(920)
<b>Net Revenue Expenditure on Services</b>	<b>32,852</b>	<b>31,581</b>	<b>(1,271)</b>
Housing Services - HRA	(3,282)	(3,777)	(495)
<b>Net Revenue Expenditure on Services</b>	<b>49,557</b>	<b>27,804</b>	<b>(1,766)</b>

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 £1,766m, and a HRA surplus of £0.495m, both of which have been allocated to reserves.

## 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 2022/23 £29.645m of income was received, of which £27.253m related to dwelling rents from 5,514 properties. £29.645m of this was spent on providing revenue services in year, a use of the HRA Capital Investment Reserve (CIR) of £ 0.480m.

# Capital Programme 2023/24 to 2027/28

The Council has an ambitious five year capital programme: it is planning to spend £271.34m 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 two new Leisure Centre facilities in Kenilworth, enhancements to surrounding Leamington Spa area for a new cycling masterplan at Newbold Comyn and a Country Park at Tachbrook.
- 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

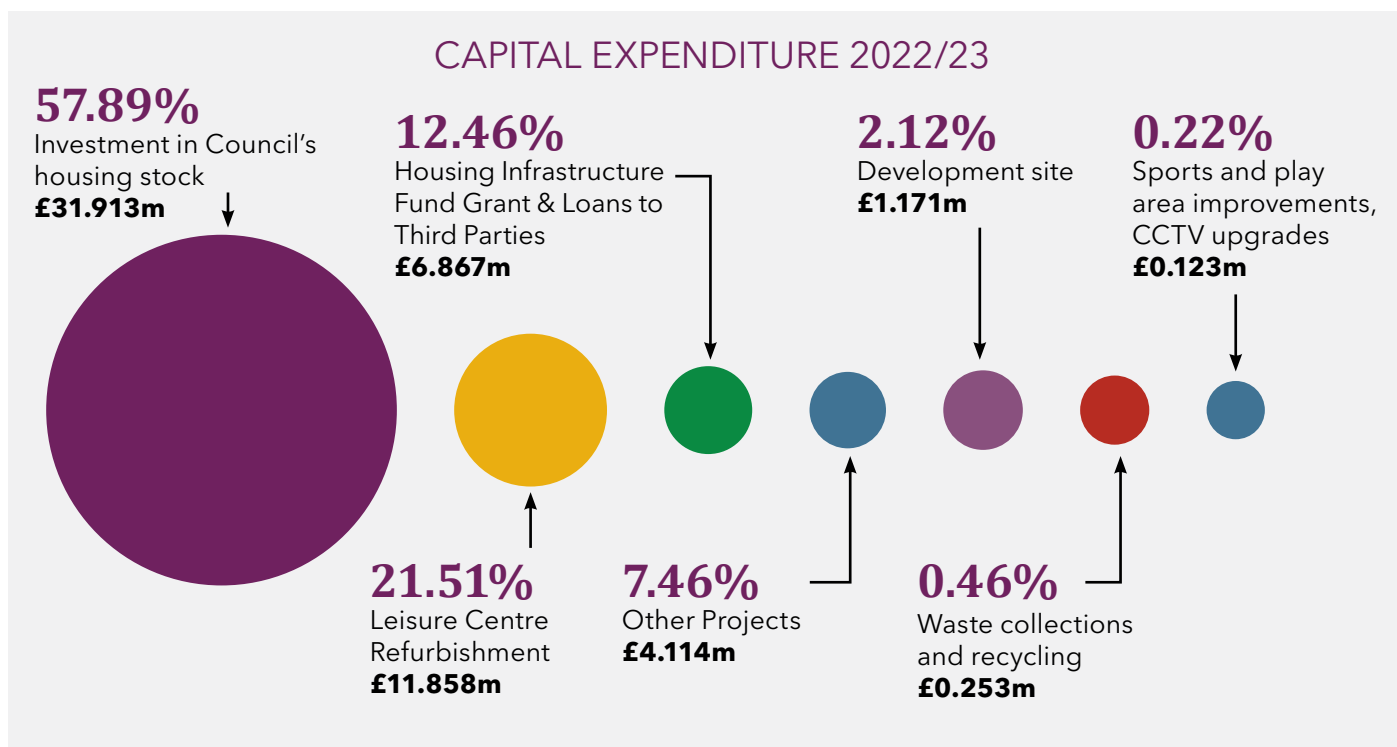
- Improvements to the Council’s existing housing stock

The main sources of funding for these future works are Right to Buy sales of council homes to eligible tenants and other usable capital receipts (£18.607m), contributions to capital works from developers (£42.14m), use of the Council’s own resources - either by revenue contributions to capital projects (£0.42m) or the use of earmarked reserves (£71.872m), and borrowing provided the Council can demonstrate that it can afford to service the debt (£138.297m).

The 2023/24 total capital budget of £80.36m was approved at the Council Meeting on 15 March 2023. This was subsequently revised to £104.14m with the addition of re-profiled expenditure from the previous financial year and further approvals in the year. Actual capital expenditure for 2023/24 was £55.129m (£55.498m 2022/23). The charts below detail this expenditure and the accompanying financing.



# Capital Programme 2023/24



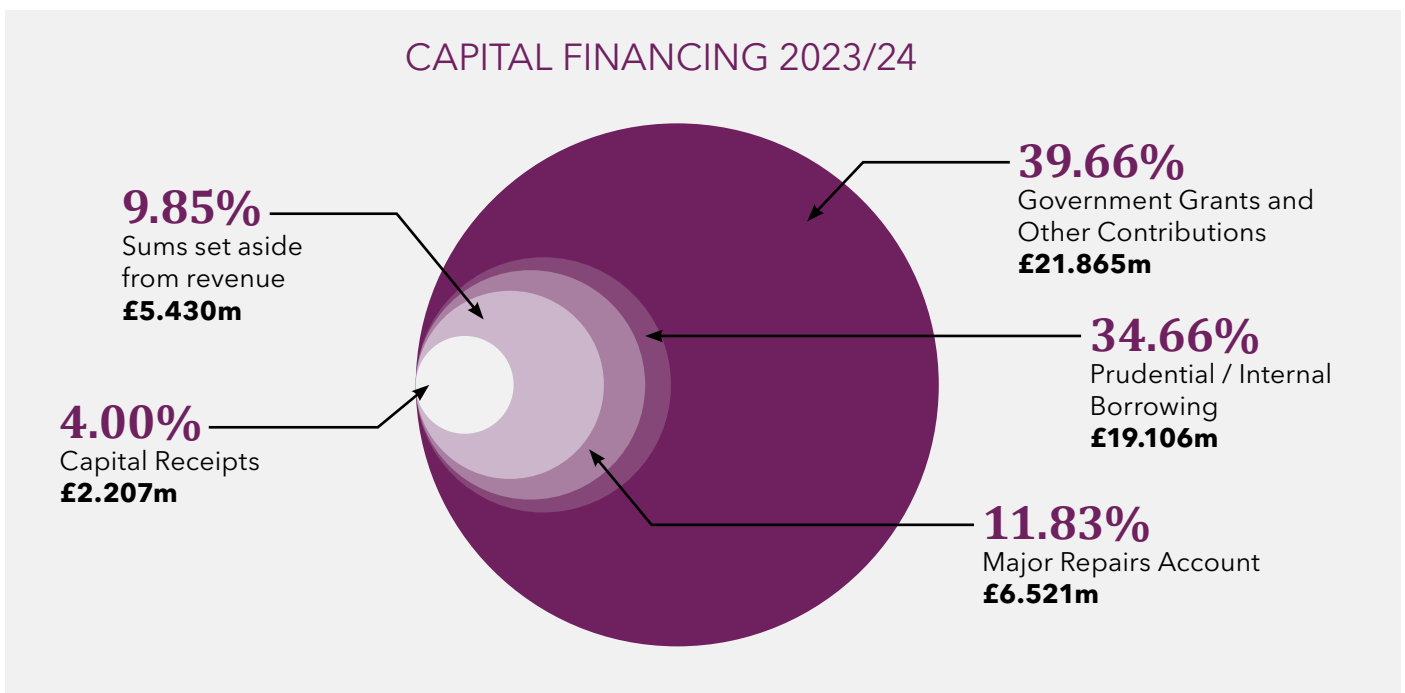
The expenditure analysis by portfolio, together with explanations of major project variances occurring in 2023/24 is shown in the tables below.

Capital Expenditure 2023/24	Latest Budget £000	Actual £000	Variation £000
Safer Communities	11,988	12,200	212
Development Service	10,468	9,774	(694)
Finance	100	92	(8)
Health and Community Protection		-	-
Neighbourhood Services	857	582	(275)
Strategic Leadership	1,209	535	(674)
<b>Total Other Services Expenditure</b>	<b>24,622</b>	<b>23,183</b>	<b>(1,439)</b>
New Build/Reprovision of Housing	41,003	71,784	30,782
Improvements/Renewals	14,434	10,924	((3,510))
<b>Total HRA Related Housing Investment Programme (HIP)</b>	<b>55,437</b>	<b>82,708</b>	<b>27,272</b>
<b>TOTAL Capital Expenditure</b>	<b>80,059</b>	<b>105,891</b>	<b>25,833</b>



## CAPITAL EXPENDITURE VARIANCES 2023/24

Major variances caused by:	
<b>Development Services and Business</b>	<b>Future High Street (former Stoneleigh Arms):</b> underspend due to delays in demolition £0.74mill.
<b>Customer and Digital Services/ Strategic Leadership</b>	<b>ICT Schemes:</b> underspend due to delays in project procurement and commencement £0.3mill.
<b>HRA Related HIP</b>	<b>New Build work delays:</b> <b>LAD3 Grand Scheme delays:</b> <b>Fire Safety Works delays:</b> <b>Other Various delayed works:</b>



## Key Strategic Partnerships

**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 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 the Milverton Homes Board and are registered at Companies House, and the accounting reference period has been aligned with the Council's.

Milverton Homes entered into a joint venture, which is planned to last at least 6 years up to 2028 and will provide 248 affordable and social housing dwellings, which will be constructed and sold to the Councils The Housing Revenue Account (HRA) in phases.

Milverton Homes will also acquire 62 Market Rate Rental Dwellings from the Joint Venture, to be let out to the public and managed in line with agreed Market Rental Letting Policies. These dwellings will enable Milverton Homes to generate its own income to ensure future operations are financially viable.

## 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 the Warwick District Council 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 2022/23 Annual Governance Statement is included in the Financial Statements.



# Corporate Risks 2023/2024

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
Risk of failure to protect information assets from malicious cyber-attack.	Medium / High	Appropriate software solutions, 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 and network intrusion detection / prevention solution, documented Major Virus Response procedures, data distribution (multiple file servers), use of services from the National Cyber Security Centre, temporary website to be used in events of major outage, staff training.
Risk of insufficient finance to enable the Council to meet its objectives (including insufficient reduction in operational costs)	Medium / High	Robust financial planning and monitoring and a Medium-Term Financial Plan used to forecast income and expenditure with change programmes in place to help meet the anticipated shortfall. Financial training for relevant staff and Members, project management with financial appraisals to understand funding requirements, and an effective internal audit service and external audit of accounts.
Risk of additional financial liabilities.	Medium / High	Regular monitoring of the corporate strategies (Fit for the Future and Corporate Asset Management) with associated action plans. Identification and control of emerging risks and implementation of a change programme. Effective financial planning and application of the medium-term financial strategy, appropriate levels of financial reserves which are held and used to smooth fluctuations in income and expenditure. Appropriate project management with a framework being used and legal advice sought where necessary.

Risk/Issue	Probability of Occurrence	Management Action to Mitigate Risk
Risk of failing to provide, protect and maintain Council-owned property (buildings and equipment).	Medium / High	<p>An action plan has been developed to address the issues identified in the report by Pennington Choices.</p> <p>An Asset Management Strategy and Housing Investment Programme are in place (with the strategy to be reviewed) and a stock condition survey was underway.</p> <p>Systems and contracts in place to deliver compliance with structures to review this compliance.</p> <p>Strategic review of assets through the Asset Strategy Group and monitoring of multi-storey improvement programme by the Housing Fire Safety Group.</p> <p>Financial requirements built into the MTFS projections with sufficient reserves to be able to respond to unexpected issues.</p>
Failure to meet District's ambition to be carbon neutral within specified timeframes.	Medium	<p>Delivery of Business Strategy 2019-2023 and a revised Climate Change Action Plan (which includes a more detailed risk register to manage specific risks associated with delivering the programme), allowing Members to determine extent of measures / projects to mitigate climate change and other environmental challenges that are to be included.</p> <p>Appointment of a Climate Change Director and agreement of a Climate Change Action Fund.</p>
Failure to adequately prepare for the impacts of climate changes arising from higher global temperatures, colder changes and increased rain fall / flooding.	Medium	<p>Restructure within the Climate Change team with six members of the team, providing resilience going forward for the implementation of the Climate Change Action Plan.</p> <p>Active dialogue with the Met Office to consider implications of climatic changes for the District and working with partners to address local risks.</p> <p>Membership of West Midlands Adaptation Steering Group and alignment with West Midlands Adaptation Plan.</p> <p>Climate Change Adaptation Strategy and Action Plan, alongside the adoption and delivery of the Climate Change Action Programme for which a detailed risk register is to be developed and a fund agreed.</p> <p>Emergency planning arrangements and community engagement programmes.</p>

# 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 comprises 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 2023/24

There are no significant changes to the 2023/24 Statement of Accounts.

## 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 expenditures 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  
Town Hall  
Parade  
Royal Leamington Spa  
CV32 4AT

# The Council's Responsibilities

## The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. 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 2024, and its income and expenditure in the year ended 31 March 2024.

16 January 2025

Andrew Rollins, ACMA, CGMA  
Head of Finance  
Town Hall  
Parade  
Royal Leamington Spa  
CV32 4AT

## Approval of Statement of Accounts

Statement of Accounts is due to be approved at the Warwick District Council Audit and Standards Committee meeting held on 26 February 2025.

Chair of the Meeting  
Councillor Hales

## 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 2022/23 £000	Gross Income 2022/23 £000	Net Expenditure 2022/23 £000	Portfolio	Note	Gross Expenditure 2023/24 £000	Gross Income 2023/24 £000	Net Expenditure 2023/24 £000
20,021	(8,772)	11,249	Neighbourhood & Assets		19,213	(9,337)	9,876
10,521	(885)	9,636	Safer Communities, Leisure & Environment		7,320	(1,891)	5,429
17,277	(7,595)	9,682	Place, Arts & Economy		15,253	(6,355)	8,898
10,512	(3,329)	7,183	Finance		1,067	(717)	350
5,395	(2,714)	2,681	Housing Services - GF		8,948	(2,846)	6,102
26,717	(30,489)	(3,772)	Housing Services - HRA		40,673	(33,621)	7,052
21,788	(20,715)	1,073	Customer & Digital Services		21,347	(21,034)	313
150	(92)	58	People and Communication		(25)	(80)	(105)
5,535	(410)	5,125	Strategic Leadership		1,694	(399)	1,295
<b>117,916</b>	<b>(75,001)</b>	<b>42,915</b>	<b>Cost of Services - continuing operations</b>		<b>115,490</b>	<b>(76,280)</b>	<b>39,210</b>
2,002	(6,361)	(4,359)	Other Operating Income and Expenditure	10	2,144	(4,552)	(2,408)
6,783	(9,940)	(3,157)	Financing and Investment Income and Expenditure	11	5,820	(6,705)	(885)
0	(28,048)	(28,048)	Taxation and Non-Specific Grant Income and Expenditure	12	0	(28,942)	(28,942)
		<b>7,351</b>	<b>(Surplus) or Deficit on Provision of Services</b>				<b>6,975</b>
		(33,919)	(Surplus) or Deficit on revaluation of Non Current Assets	24			4,615
		10,109	Impairment Losses on Non Current Assets Charged to the Revaluation Reserve	24			33,355
		0	Surplus or deficit on revaluation of available for sale financial assets	24			0
		(56,189)	Remeasurement of the net defined benefit liability / (asset)	24			(9,919)
		<b>(79,999)</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>28,051</b>
		<b>(72,648)</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>35,026</b>



## 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.

2023/24	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
<b>Balance at 31 March 2022 carried forward</b>	<b>33,258</b>	<b>30,288</b>	<b>11,555</b>	<b>6,956</b>	<b>7,615</b>	<b>89,671</b>	<b>432,204</b>	<b>521,875</b>
<b>Movement in reserves during 2022/23</b>								
Total Comprehensive Income and Expenditure	889	(7,867)	-	-	-	(6,978)	(21,821)	(28,799)
Adjustments from income & expenditure charged under the accounting basis to the funding basis (see note 8)	914	3,452	1,522	(135)	(6,854)	(1,101)	8,738	7,637
<b>Increase / (Decrease) in 2022/23</b>	<b>1,803</b>	<b>(4,415)</b>	<b>1,522</b>	<b>(135)</b>	<b>(6,854)</b>	<b>(8,079)</b>	<b>(13,083)</b>	<b>(21,162)</b>
<b>Balance at 31 March 2023 carried forward</b>	<b>35,061</b>	<b>25,873</b>	<b>13,077</b>	<b>6,821</b>	<b>761</b>	<b>81,592</b>	<b>419,121</b>	<b>500,713</b>

2022/23	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
<b>Balance at 31 March 2021 carried forward</b>	<b>30,217</b>	<b>31,521</b>	<b>13,396</b>	<b>6,150</b>	<b>6,172</b>	<b>87,456</b>	<b>360,558</b>	<b>448,014</b>
<b>Movement in reserves during 2021/22</b>								
Total Comprehensive Income and Expenditure	(12,394)	5,042	-	-	-	(7,352)	80,890	73,538
Adjustments from income & expenditure charged under the accounting basis to the funding basis (see note 8)	15,434	(6,275)	(1,841)	806	1,443	9,567	(9,244)	323
<b>Increase / (Decrease) in 2021/22</b>	<b>3,040</b>	<b>(1,233)</b>	<b>(1,841)</b>	<b>806</b>	<b>1,443</b>	<b>2,215</b>	<b>71,646</b>	<b>73,861</b>
<b>Balance at 31 March 2022 carried forward</b>	<b>33,257</b>	<b>30,288</b>	<b>11,555</b>	<b>6,956</b>	<b>7,615</b>	<b>89,671</b>	<b>432,204</b>	<b>521,875</b>

## 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".

### Andrew Rollins. Head of Finance.

31 March 2023 £'000		Note	31 March 2024 £'000
<b>Operational Assets:</b>			
453,493	Council Dwellings		450,097
11,134	HRA Land and Buildings		11,208
82,455	Other Land and Buildings		82,789
11,789	Vehicles, Plant, Furniture and Equipment		11,787
1,624	Infrastructure Assets		1,672
939	Community Assets		915
<b>Non-Operational Assets</b>			
242	Surplus Assets		2,852
51,130	Assets under Construction		50,730
<b>612,806</b>	<b>Property, Plant and Equipment</b>	<b>13</b>	<b>612,050</b>
9,017	Heritage Assets	14	9,042
14,931	Investment Properties	15	15,501
362	Intangible Assets		341
977	Long Term Investments	16	977
74,501	Long Term Debtors	16	76,717
<b>712,594</b>	<b>Long Term Assets</b>		<b>714,628</b>
25,804	Short Term Investments	16	14,176
0	Assets Held for Sale	18	0
19	Inventories		20
18,464	Short Term Debtors	19	16,828
9,462	Cash and Cash Equivalents	21	12,272
<b>53,749</b>	<b>Current Assets</b>		<b>43,296</b>
(29,729)	Short Term Creditors	22	(18,189)
(943)	Provision Liabilities payable in less than 1 year	23	(2,053)
<b>(30,672)</b>	<b>Current Liabilities</b>		<b>(20,242)</b>
(153)	Long Term Creditors		(153)
(3,133)	Provision Liabilities payable in more than 1 year	23	(2,726)
(208,157)	Long Term Borrowing	16	(238,157)
0	Other Long Term Liabilities	16	0
(15,089)	Capital External Grants/Contributions in Advance	34	(19,299)
12,738	Net Pensions Liability	39	23,367
<b>(213,794)</b>	<b>Long Term Liabilities</b>		<b>(236,968)</b>
<b>521,877</b>	<b>Net Assets</b>		<b>500,714</b>
89,673	Usable Reserves	33	81,593
432,204	Unusable Reserves	24	419,121
<b>521,877</b>	<b>Total Reserves</b>		<b>500,714</b>

## Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income, or from the recipients of services provided by the authority.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

2022/23 £000		Notes	2023/24 £000
7,331	Net (Surplus) or deficit on the provision of services		
514	Adjust net (surplus) or deficit on the provision of services for non cash movements	26	
10,112	Adjust for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	26	
<b>17,957</b>	<b>Net cash flows from Operating Activities</b>		<b>0</b>
18,733	Investing Activities	27	
522	Financing Activities	28	
<b>37,212</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>		<b>0</b>
(49,992)	Cash and cash equivalents at the beginning of the reporting period		
<b>(12,780)</b>	<b>Cash and cash equivalents at the end of the reporting period</b>		<b>0</b>

# 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 2020/21 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 4.85% (4.75% in 2022/23) 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.
- Unitised 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 16 Leases:** - this standard replaces IAS 17, the existing lease standard and 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. The impact on the financial statements cannot be estimated on a reasonable basis at this time.

- **IAS 8 Accounting Policies**, Changes in Accounting Estimates and Errors will be amended to define accounting estimates as 'monetary amounts in financial statements that are subject to measurement uncertainty'. This change is not anticipated to significantly impact on the amounts held in the Council's financial statements.
- **IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2** will be amended to give more guidance on the disclosure of accounting policies in financial statements. This change is not anticipated to significantly impact on the amounts held in the Council's financial statements.
- **IAS 12 Income Taxes** will be amended in relation to deferred tax but no relevant transactions in group accounts have been identified.

### **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:

- There remains uncertainty around future funding levels for Local Government. However we have determined this is not yet sufficient to provide an indication that levels of service provision may need to be reduced, or that assets of the Council might be impaired because of the need to close facilities.
- All the Council's Investment Properties were revalued in 2023/24 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.

### **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 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

<b>Item</b>	<b>Uncertainties</b>	<b>Effect if Actual Results Differ from Assumptions</b>
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% £10,921m 5% £27,303m 10% £54,606m Currently, the Revaluation Reserve balance is £121,709m, 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 and associated components would have increased by £726k in this financial year if all the useful lives had to be reduced by 1 year.</p>
Arrears	At 31 March 2024, the Council had a balance of arrears for Housing Rents, Council Tax, Business Rates and other sundry debtors of £6.331. A review of the above suggested that an impairment of doubtful debts of 54.87% (£3.474m) was appropriate.	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £3.474m 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 2024 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 £0.481m 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 16 January 2025. 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 2024, 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 2025 there are no events after the Reporting Period for the Council to disclose.

## 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
2023/24	£000	£000	£000
Neighbourhood & Assets	8,358	1,518	9,876
Safer Communities, Leisure & Environment	5,242	187	5,429
Place, Arts & Economy	8,100	798	8,898
Finance	361	(11)	350
Housing Services - GF	2,847	3,255	6,102
Housing Services - HRA	(14,566)	21,585	7,019
Customer & Digital Services	763	(450)	313
People and Communication	(104)	(1)	(105)
Strategic Leadership	773	522	1,295
<b>Net Costs of Services</b>	<b>11,774</b>	<b>27,403</b>	<b>39,177</b>
Other Operating Income and Expenditure	13,800	(14,672)	(872)
<b>(Surplus) or Deficit</b>	<b>25,574</b>	<b>12,731</b>	<b>38,305</b>
	<b>General Fund</b>	<b>HRA</b>	<b>Total</b>
<b>Opening Balance</b>	(33,258)	(30,288)	<b>(63,546)</b>
Less/Plus Surplus / (Deficit)	(1,802)	4,416	<b>2,614</b>
<b>Closing Balance at 31 March 2024</b>	<b>(35,060)</b>	<b>(25,872)</b>	<b>(60,932)</b>

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
2022/23	£'000	£'000	£'000
Neighbourhood & Assets	7,355	3,900	11,255
Safer Communities, Leisure & Environment	4,887	4,755	9,642
Place, Arts & Economy	7,363	2,332	9,695
Finance	(1,956)	9,144	7,188
Housing Services - GF	2,330	354	2,684
Housing Services - HRA	(11,167)	7,404	(3,763)
Customer & Digital Services	659	419	1,078
People and Communication	(112)	172	60
Strategic Leadership	233	4,896	5,129
<b>Net Costs of Services</b>	<b>9,592</b>	<b>33,376</b>	<b>42,968</b>
Other Income and Expenditure	(17,582)	(18,055)	(35,637)
<b>(Surplus) or Deficit</b>	<b>(7,990)</b>	<b>15,321</b>	<b>7,331</b>
	<b>General Fund</b>	<b>HRA</b>	<b>Total</b>
<b>Opening Balance</b>	(36,203)	(30,953)	<b>(67,156)</b>
Less/Plus Surplus / (Deficit)	5,986	(568)	<b>5,418</b>
<b>Closing Balance at 31 March 2023</b>	<b>(30,217)</b>	<b>(31,521)</b>	<b>(61,738)</b>

## 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
Neighbourhood & Assets	(1,512)	(8)	2	(1,518)
Safer Communities, Leisure & Environment	(180)	(9)	2	(187)
Place, Arts & Economy	(790)	(15)	7	(798)
Finance	(130)	138	3	11
Housing Services - GF	(3,250)	(5)	-	(3,255)
Housing Services - HRA	(21,605)	17	3	(21,585)
Customer & Digital Services	455	(7)	2	450
People and Communication	-	(3)	4	1
Strategic Leadership	(517)	(5)	-	(522)
<b>Net Cost Of Services</b>	<b>(27,529)</b>	<b>103</b>	<b>23</b>	<b>(27,403)</b>
Other income and expenditure from the Expenditure and Funding Analysis	20,002	(607)	(4,723)	14,672
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(7,527)</b>	<b>(504)</b>	<b>(4,700)</b>	<b>(12,731)</b>

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
Neighbourhood & Assets	(424)	(499)	17	(906)
Safer Communities, Leisure & Environment	(26)	(471)	6	(491)
Place, Arts & Economy	(1,480)	(986)	21	(2,445)
Finance	101	(320)	11	(208)
Housing Services - GF	(838)	(259)	7	(1,090)
Housing Services - HRA	3,430	(660)	9	2,779
Customer & Digital Services	(94)	(438)	11	(521)
People and Communication	80	(193)	4	(109)
Strategic Leadership	(3,725)	(312)	2	(4,035)
<b>Net Cost Of Services</b>	<b>(2,976)</b>	<b>(4,138)</b>	<b>88</b>	<b>(7,026)</b>
Other income and expenditure from the Expenditure and Funding Analysis	16,495	(1,060)	6,870	22,305
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>13,519</b>	<b>(5,198)</b>	<b>6,958</b>	<b>15,279</b>

## 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 receivables 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	2023/24	2022/23
	Income from Services £000	Income from Services £000
Neighbourhood & Assets	(9,346)	(8,761)
Safer Communities, Leisure & Environment	(1,849)	(829)
Place, Arts & Economy	(5,744)	(7,531)
Finance	(420)	(2,768)
Housing Services - GF	(568)	(1,035)
Housing Services - HRA	(33,570)	(30,472)
Customer & Digital Services	(42)	(66)
People and Communication	(80)	(92)
Strategic Leadership	(399)	(410)
<b>Total income analysed on a segmental basis</b>	<b>(52,018)</b>	<b>(51,964)</b>

## 7. Expenditure and Income Analysed by Nature

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

Expenditure / Income	2023/24 £000	2022/23 £000
<b>Expenditure</b>		
Employee benefits expenses	23,798	25,951
Other services expenses	63,908	61,376
Depreciation, amortisation and impairment	27,795	31,651
Interest payments	5,821	5,720
Precepts and Levies	2,144	2,002
Payments to Housing Capital Receipts Pool	-	-
<b>Total Expenditure</b>	<b>123,466</b>	<b>126,700</b>
<b>Income</b>		
Fees, charges and other service income	(52,018)	(51,976)
Gain on the disposal of assets	(5,630)	(10,992)
Interest and investment income	(5,177)	(4,925)
Income from Council Tax and Business Rates	(14,615)	(13,603)
Government grants and contributions	(39,085)	(37,853)
<b>Total Income</b>	<b>(116,525)</b>	<b>(119,349)</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>6,941</b>	<b>7,351</b>

## **8. 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.

2023/24	Usable Reserves				
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipt Reserves £000	Major Repairs Reserve £000	Capital Grants Unapplied £000
<b>Adjustments to the Revenue Resources</b>					
Amounts by which income and expenditure included in the Comprehensive Income					
■ Pensions costs (transferred to (or from) the Pensions Reserve	593	117	-	-	-
■ Financial instruments (transferred to the Financial Instruments Adjustments Account)					
■ Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	(4,723)	-	-	-	-
■ Holiday pay (transferred to / (from) the Accumulated Absences Reserve)	20	3	-	-	-
■ Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to revaluation of Financial Instruments	-	-	-	-	-
■ 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)	(2,004)	(12,436)	-	-	8,777
■ Write down long-term debtor loan as a capital receipt					
<b>Total Adjustments to the Revenue Account</b>	<b>(6,114)</b>	<b>(12,316)</b>	<b>-</b>	<b>-</b>	<b>8,777</b>
<b>Adjustments between Revenue and Capital Resources</b>					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts	1,536	4,552	(3,729)	-	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-	-	-	-	-
Posting of HRA resources from Revenue to the Major Repairs Reserve	-	-	-	(6,387)	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,289	3,777	-	-	-
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>2,825</b>	<b>8,329</b>	<b>(3,729)</b>	<b>(6,387)</b>	<b>-</b>
<b>Adjustments to Capital Resources</b>					
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	2,207	-	-
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	6,521	-
Application of capital grants unapplied credited to the CIES	1,923	-	-	-	(1,923)
<b>Total Adjustments to Capital Resources</b>	<b>1,923</b>	<b>-</b>	<b>2,207</b>	<b>6,521</b>	<b>(1,923)</b>
<b>Total Adjustments</b>	<b>(1,366)</b>	<b>(3,987)</b>	<b>(1,522)</b>	<b>134</b>	<b>6,854</b>
2022/23	Usable Reserves				
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipt Reserves £000	Major Repairs Reserve £000	Capital Grants Unapplied £000
<b>Adjustments to the Revenue Resources</b>					
Amounts by which income and expenditure included in the Comprehensive Income					
■ Pensions costs (transferred to (or from) the Pensions Reserve	(3,963)	(762)	-	-	-
■ Financial instruments (transferred to the Financial Instruments Adjustments Account)					
■ Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	839	-	-	-	-
■ Holiday pay (transferred to / (from) the Accumulated Absences Reserve)	56	11	-	-	-
■ Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to revaluation of Financial Instruments	-	-	-	-	-
■ 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)	(17,034)	-	-	-	1,042
■ Write down long-term debtor loan as a capital receipt					
<b>Total Adjustments to the Revenue Account</b>	<b>(20,102)</b>	<b>(751)</b>	<b>-</b>	<b>-</b>	<b>1,042</b>
<b>Adjustments between Revenue and Capital Resources</b>					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts	-	6,207	(6,021)	-	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-	-	-	-	-
Posting of HRA resources from Revenue to the Major Repairs Reserve	-	-	-	(6,553)	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	2,183	819	-	-	-
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>2,183</b>	<b>7,026</b>	<b>(6,021)</b>	<b>(6,553)</b>	<b>-</b>
<b>Adjustments to Capital Resources</b>					
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	7,862	-	-
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	5,747	-
Application of capital grants to finance capital expenditure	2,485	-	-	-	(2,485)
<b>Total Adjustments to Capital Resources</b>	<b>2,485</b>	<b>-</b>	<b>7,862</b>	<b>5,747</b>	<b>(2,485)</b>
<b>Total Adjustments</b>	<b>(15,434)</b>	<b>6,275</b>	<b>1,841</b>	<b>(806)</b>	<b>(1,443)</b>

## 9. 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 2023/24:

	Balance at 1 April 2023	Transfers Out 2023/24	Transfers In 2023/24	Balance at 31/03/2024
	£000	£000	£000	£000
<b>General Fund:</b>				
Art Gallery Gift Reserve	135	-	3	138
Building Control Reserve	427	-	-	427
Business Rate Retention Volatility Reserve	12,581	(8,447)	4,098	8,231
Capital Investment Reserve	1,456	-	-	1,456
Car Park Displacement Reserve	253	-	-	253
Car Parks Repairs & Maintenance Reserve	122	-	-	122
Cemetery Land Purchase Reserve	38	-	10	48
Climate change Reserve	393	(659)	500	233
Commonwealth Games Reserve	429	(300)	-	129
Community Projects Reserve	316	(370)	810	756
Corporate Assets Reserve	1,320	(815)	3,278	3,783
Covent Garden Multi Storey Reserve	900	-	-	900
Digital By Default Reserve	23	-	-	23
Earmarked Balances Reserve	940	(940)	1,880	1,880
Election Expenses Reserve	110	(105)	66	70
Enterprise Projects Reserve	193	(5)	-	188
Equipment Renewals Reserve	529	(291)	100	338
G M Commuted Sums Reserve	1,593	-	-	1,593
General Fund Balance Reserve	5,739	-	370	6,109
Harbury Lane Reserve	84	-	-	84
Homelessness Prevention Reserve	944	(74)	80	950
ICT Replacement Reserve	829	(526)	1,310	1,613
Insurance Reserve	274	-	-	274
Investment Volatility Reserve	100	-	-	100
Leisure Options Reserve	764	(497)	-	267
Local Plan Delivery Reserve	44	-	-	44
Newbold Benches Reserve	6	-	-	6
Planning Appeal Reserve	390	(129)	113	374
Planning Investment Reserve	11	(252)	122	(120)
Public Amenity Reserve	403	-	-	403
Public Open Space Planning Gain Reserve	203	(23)	10	190
Revenue Grants / Contributions Received In Advance	237	(39)	283	480
Service Realignment Reserve	-	(900)	900	-
Services Transformation Reserve	1,198	(1,203)	900	895
Tourism Reserve	27	-	-	27
Ukrainian resettlement reserve	25	-	-	25
Working for Warwick Reserve	223	(6)	-	217
Community Emergency Response Fund Reserve (NEW)	2	-	-	2
Tennis Maintenance Reserve	-	-	16	16
Trees for the future/Biodiversity Reserves	-	-	613	613
General Fund Volatility Reserve	-	-	1,924	1,924
<b>TOTAL GENERAL FUND</b>	<b>33,258</b>	<b>(15,583)</b>	<b>17,385</b>	<b>35,061</b>
<b>HRA:</b>				
Housing Revenue Balance Reserve	1,500	-	-	1,500
HRA Capital Investment Reserve	27,923	(3,777)	480	24,626
HRA Early Retirements Reserve	21	-	-	21
HRA Earmarked Reserves	444	(444)	193	193
Lifeline funding reserve	127	(106)	-	21
HRA Rev Grants/Contribs in Advance Reserve	10	-	-	10
HRA Rough Sleeping Initiative	262	-	-	262
Sale of Council Houses	0	(3,052)	2,290	(762)
<b>TOTAL HRA</b>	<b>30,288</b>	<b>(7,379)</b>	<b>2,963</b>	<b>25,873</b>
<b>TOTAL EARMARKED RESERVES</b>	<b>63,547</b>	<b>(22,962)</b>	<b>20,348</b>	<b>60,933</b>

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 2023/24 to 2024/25 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.

## 10. Other Operating Income and Expenditure

Gross Expenditure 2022/23 £000	Gross Income 2022/23 £000	Net Expenditure 2022/23 £000		Gross Expenditure 2023/24 £000	Gross Income 2023/24 £000	Net Expenditure 2023/24 £000
2,002	0	2,002	Parish Council Precepts	2,144	0	2,144
0	0	0	Payments to Government Housing Capital Receipts Pool	0	0	0
0	(6,361)	(6,361)	Gain or Loss on the disposal of non-current assets	0	(4,552)	(4,552)
<b>2,002</b>	<b>(6,361)</b>	<b>(4,359)</b>	<b>Total</b>	<b>2,144</b>	<b>(4,552)</b>	<b>(2,408)</b>

## 11. Financing and Investment Income and Expenditure

Gross Expenditure 2022/23 £000	Gross Income 2022/23 £000	Net Expenditure 2022/23 £000		Gross Expenditure 2023/24 £000	Gross Income 2023/24 £000	Net Expenditure 2023/24 £000
5,720	-	5,720	Interest Payable and similar charges	5,224	-	5,224
1,063	-	1,063	Pensions Interest Cost	-	(607)	(607)
-	(9,554)	(9,554)	Interest Receivable and similar income	-	(4,579)	(4,579)
-	(386)	(386)	Income and expenditure in relation to investment properties and changes in their fair value	48	(970)	(922)
-	-	-	Reversal of Available for sale financial instruments	-	-	-
<b>6,783</b>	<b>(9,940)</b>	<b>(3,157)</b>		<b>5,272</b>	<b>(6,156)</b>	<b>(884)</b>

## 12. Taxation and Non Specific Grant Income and Expenditure

Gross Income 2022/23 £000		Gross Income 2023/24 £000
(12,097)	Council Tax income	(12,248)
(9,278)	Non-ringfenced Government Grants	(10,113)
(1,506)	Non-domestic rates income and expenditure	(2,367)
(5,167)	Capital Grants and Contributions	(4,212)
<b>(28,048)</b>		<b>(28,940)</b>

## 13. Property, Plant and Equipment

Movement on Balances								
Movements in 2023/24	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
£000								
<b>Cost or Valuation</b>								
<b>At 1 April 2023</b>	<b>453,493</b>	<b>93,589</b>	<b>15,103</b>		<b>939</b>	<b>242</b>	<b>51,129</b>	<b>611,303</b>
Additions	20,688	9,088	1,661	51	-	-	13,670	45,158
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(24,183)	(1,376)	-	-	2	(3,854)	-	(29,411)
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(11,032)	-	-	-	-	-	(1,402)	(12,434)
Derecognition - disposals	(1,536)	-	-	-	-	-	-	(1,536)
Assets reclassified (to) / from Other Accounts	12,667	(6,354)	-	-	-	6,354	(12,667)	-
Other movements in cost or valuation	-	-	-	-	-	-	-	-
<b>At 31 March 2024</b>	<b>450,097</b>	<b>94,947</b>	<b>16,764</b>		<b>941</b>	<b>2,742</b>	<b>50,730</b>	<b>613,080</b>
<b>Accumulated Depreciation and Impairment</b>								
<b>At 1 April 2023</b>	-	-	<b>(3,314)</b>		-	<b>(1)</b>	-	<b>(2,656)</b>
Depreciation charge for year	(6,024)	(3,076)	(1,663)	(3)	(30)	(28)	-	(10,824)
Depreciation written out to the Revaluation Reserve	6,024	2,126	-	-	4	139	-	8,293
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	-	-	-	-	-	-	-	-
<b>At 31 March 2024</b>	-	<b>(950)</b>	<b>(4,977)</b>		<b>(26)</b>	<b>110</b>	-	<b>(5,150)</b>
<b>Net Book Value</b>								
<b>31 March 2024</b>	<b>450,097</b>	<b>93,997</b>	<b>11,787</b>		<b>915</b>	<b>2,852</b>	<b>50,730</b>	<b>610,378</b>
<b>31 March 2023</b>	<b>453,493</b>	<b>93,589</b>	<b>11,789</b>		<b>939</b>	<b>241</b>	<b>51,129</b>	<b>611,180</b>

Movement on Balances								
Movements in 2022/23	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
£000								
<b>Cost or Valuation</b>								
<b>At 1 April 2022</b>	<b>438,085</b>	<b>88,543</b>	<b>8,434</b>		<b>8,378</b>	<b>1,994</b>	<b>46,682</b>	<b>592,117</b>
Additions	12,341	133	7,258	1,543	6	53	11,049	<b>32,383</b>
Revaluation increases / (decreases) recognised in the Revaluation Reserve	5,811	11,885	(10)	-	(4,000)	(106)	-	<b>13,580</b>
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(1,612)	(916)	-	(4,735)	(3,442)	-	(6,666)	<b>(17,371)</b>
Derecognition - disposals	(2,533)	-	-	-	-	-	-	<b>(2,533)</b>
Assets reclassified (to) / from Other Accounts	1,283	-	-	-	-	(1,393)	110	-
Other movements in cost or valuation	118	(6,056)	(579)	-	(3)	(306)	(46)	<b>(6,872)</b>
<b>At 31 March 2023</b>	<b>453,493</b>	<b>93,589</b>	<b>15,103</b>		<b>939</b>	<b>242</b>	<b>51,129</b>	<b>611,303</b>
<b>Accumulated Depreciation and Impairment</b>								
<b>At 1 April 2022</b>	-	<b>(7,635)</b>	<b>(3,203)</b>		<b>(666)</b>	<b>(384)</b>	-	<b>(11,888)</b>
Depreciation charge for year	(5,996)	(2,543)	(788)	625	(47)	(29)	-	<b>(8,778)</b>
Depreciation written out to the Revaluation Reserve	5,996	4,122	226	-	710	67	-	<b>11,121</b>
Depreciation written out to the Surplus / Deficit on the Provision of Services	-	-	-	-	-	-	-	-
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	-	6,056	451	-	3	345	-	<b>6,855</b>
<b>At 31 March 2023</b>	-	-	<b>(3,314)</b>		-	<b>(1)</b>	-	<b>(2,656)</b>
<b>Net Book Value</b>								
<b>31 March 2023</b>	<b>453,493</b>	<b>93,589</b>	<b>11,789</b>		<b>939</b>	<b>241</b>	<b>51,129</b>	<b>611,180</b>

## 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 2023/24

As at 31 March 2024, the Council has entered a number of contracts for the construction or enhancement of property, plant and equipment in 2023/24 and future years.

The major contractual commitments at 31 March 2024 are:

<b>General Fund</b>	<b>£000</b>
Leper Hospital Site Regeneration	1,028
<b>Housing Investment Programme</b>	<b>£000</b>
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 2024	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	2,852	2,728	124	Direct observation of transactions involving similar properties within the local property market.
3 - unobservable inputs for the asset	-	-	-	
<b>Total</b>	<b>2,852</b>	<b>2,728</b>	<b>124</b>	

As at 31 March 2023	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	242	209	33	Direct observation of transactions involving similar properties within the local property market.
3 - unobservable inputs for the asset	-	-	-	
<b>Total</b>	<b>242</b>	<b>209</b>	<b>33</b>	

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 'fair values' in the Balance Sheet are based on 31 March 2024 valuations, following a full revaluation during the year. Housing Revenue Account property values are based on 31 March 2024 valuations.



The table below analyses all property, plant and equipment by valuation date: 31 March 2024

	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
Carried at historical cost	-	211	11,788	915	948	50,452	<b>64,314</b>
Valued at fair value as at:							
- 2023/24	450,097	62,557	-	-	1,904	276	<b>514,834</b>
- 2022/23	-	31,228	-	-	-	-	<b>31,228</b>
- 2021/22	-	-	-	-	-	-	-
- 2020/21	-	-	-	-	-	-	-
- 2019/20	-	-	-	-	-	-	-
- 2018/19	-	-	-	-	-	-	-
<b>Total Cost or Valuation</b>	<b>450,097</b>	<b>93,997</b>	<b>11,788</b>	<b>915</b>	<b>2,852</b>	<b>50,728</b>	<b>610,376</b>

#### 14. 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 14,000 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 2023/24, items amounting to £1,050 have been added to the Social History collection, all of which were of low intrinsic value and also additions for Fine Art of £26,775.

The Abbey Fields Barn was valued by Carter Jonas at 31 March 2024 at £0.2648m 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 Arts Council England. A copy of this policy is available on the Council's website.

Details of items in the collections can be found online at Windows on Warwickshire and Art UK, or by contacting the curators.

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
<b>At 1 April 2023</b>	<b>319</b>	<b>7,664</b>	<b>1,034</b>	<b>9,017</b>
Additions	-	27	1	28
Revaluation	-	-	-	-
Other Movements in Cost or Valuation	-	-	-	-
Derecognition - Disposals	-	-	-	-
Depreciation	-	-	(3)	(3)
<b>At 31 March 2024</b>	<b>319</b>	<b>7,691</b>	<b>1,032</b>	<b>9,042</b>
<b>At 1 April 2022</b>	<b>318</b>	<b>7,663</b>	<b>1,110</b>	<b>9,091</b>
Additions	1	1	4	6
Other Additions	-	-	(80)	(80)
Other Movements in Cost or Valuation	-	-	-	-
Derecognition - Disposals	-	-	-	-
Depreciation	-	-	-	-
<b>At 31 March 2023</b>	<b>319</b>	<b>7,664</b>	<b>1,034</b>	<b>9,017</b>

A summary of Heritage Assets transactions is shown below:

	2023/24 £000	2022/23 £000
<b>Cost of Acquisitions of Heritage Assets</b>		
<b>Purchases</b>		
Decorative Arts	-	-
Visual Arts	2	-
Social History	-	-
<b>Donations</b>		
Decorative Arts	-	1
Visual Arts	25	1
Social History etc.	1	4
<b>Total Cost of Acquisitions</b>	<b>28</b>	<b>6</b>
<b>Revaluation of Heritage Assets</b>		
Decorative Arts	-	-
Visual Arts	-	-
Social History etc.	-	(76)
<b>Total Revaluations</b>	<b>-</b>	<b>(76)</b>
<b>Disposals of Heritage Assets</b>		
Social History etc.	-	-
<b>Carrying Value</b>	<b>-</b>	<b>-</b>
<b>Proceeds</b>	<b>-</b>	<b>-</b>

## 15. 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:

	2023/24 £000	2022/23 £000
Rental income from investment property	849	934
Direct operating expenses arising from investment property	(481)	(775)
<b>Net gain / (loss)</b>	<b>368</b>	<b>159</b>

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

	2023/24 £000	2022/23 £000
<b>Balance at start of the year</b>	<b>14,931</b>	<b>10,301</b>
Net gains / (losses) from fair value adjustments	570	4,630
<b>Balance at end of year</b>	<b>15,501</b>	<b>14,931</b>

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 2023 and 2024 are as follows:

As at 31 March 2024	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	15,501	5,772	9,729	Direct observation of the passing rents on similar properties within the local property market.
3 - unobservable inputs for the asset	-	-	-	
<b>Total</b>	<b>15,501</b>	<b>5,772</b>	<b>9,729</b>	

As at 31 March 2023	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	14,931	5,563	9,368	Direct observation of the passing rents on similar properties within the local property market.
3 - unobservable inputs for the asset	-	-	-	
<b>Total</b>	<b>14,931</b>	<b>5,563</b>	<b>9,368</b>	

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

## 16. Financial Instruments

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

Financial Assets	Non Current Investments 31 March 2024 £000	Non Current Investments 31 March 2023 £000	Non Current Debtors 31 March 2024 £000	Non Current Debtors 31 March 2023 £000	Current Investments 31 March 2024 £000	Current Investments 31 March 2023 £000	Current Debtors 31 March 2024 £000	Current Debtors 31 March 2023 £000	TOTAL 31 March 2024 £000	TOTAL 31 March 2023 £000
Fair value through profit and loss	977	1,054	-	-	14,909	5,019	-	-	15,885	6,074
Amortised cost	-	-	76,717	74,341	14,260	29,948	15,078	17,162	106,055	121,451
<b>Total</b>	<b>977</b>	<b>1,054</b>	<b>76,717</b>	<b>74,341</b>	<b>29,169</b>	<b>34,967</b>	<b>15,078</b>	<b>17,162</b>	<b>121,940</b>	<b>127,524</b>

Financial Liabilities	Non Current Borrowing 31 March 2024 £000	Non Current Borrowing 31 March 2023 £000	Non Current Creditor 31 March 2024 £000	Non Current Creditor 31 March 2023 £000	Current Borrowing 31 March 2024 £000	Current Borrowing 31 March 2023 £000	Current Creditor 31 March 2024 £000	Current Creditor 31 March 2023 £000	TOTAL 31 March 2024 £000	TOTAL 31 March 2023 £000
Amortised cost	(238,157)	(208,157)	(153)	(153)	-	-	(18,364)	(29,587)	(256,674)	(237,897)
<b>Total</b>	<b>(238,157)</b>	<b>(208,157)</b>	<b>(153)</b>	<b>(153)</b>	<b>0</b>	<b>0</b>	<b>(18,364)</b>	<b>(29,587)</b>	<b>(256,674)</b>	<b>(237,897)</b>

### 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 2024, 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.

FINANCIAL INSTRUMENTS THROUGH PROFIT AND LOSS						
Asset	Rating	Exposure at 31 March 2024 £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	1,654	10,000	0.04%	4	
Federated Cash Plus VNAV Account	AAAf S1 / Aaa-bf / AAA/V1	-	6,000	0.04%	2	
Deutsche Global LVNAV MMF	AAAm / Aaa-mf / AAAmmf	15	10,000	0.04%	4	
Aberdeen/Standard Life (Ignis) LVNAV Money Market Fund	AAAm / Aaa-mf / AAAmmf	5,739	10,000	0.04%	4	
Goldman Sachs LVNAV Money Market Fund	AAAm / Aaa-mf / AAAmmf	55	10,000	0.04%	4	
Royal London Cash Plus VNAV Money Market Fund	AAAf S1 / Aaa-bf / AAA/V1	1,307	6,000	0.04%	2	
Invesco LVNAV Money Market Fund	AAAm / Aaa-mf / AAAmmf	5,069	10,000	0.04%	4	
HSBC Liquidity Fund Including ESG	AAAm / Aaa-mf / AAAmmf	1,072	10,000	0.02%	2	
Royal London Equity Income Fund	Low Risk	-	4,000	N/A	-	
Threadneedle Equity Income Fund	Low Risk	-	4,000	N/A	-	
<b>Total</b>		<b>14,909</b>	<b>80,000</b>		<b>27</b>	

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

### Income, Expense, Gains and Losses

	31 March 2024 Surplus or Deficit on the Provision of Services £000	31 March 2024 Other Comprehensive Income and Expenditure £000	31 March 2023 Surplus or Deficit on the Provision of Services £000	31 March 2023 Other Comprehensive Income and Expenditure £000
<b>Net gains / (losses) on:</b>				
Financial assets at fair value through profit and loss	-	-	-	-
<b>Total net gains or (losses)</b>	-	-	-	-
<b>Interest revenue:</b>				
Financial assets measured at amortised cost	5,176	-	4,924	-
Other financial assets measured at fair value through profit or loss	-	-	-	-
<b>Total interest revenue</b>	<b>5,176</b>	-	<b>4,924</b>	-
<b>Interest expense</b>				
<b>Fee expense:</b>				
Financial assets or financial liabilities that are not at fair value through profit or loss	(5,821)	-	(5,720)	-
<b>Total fee expense</b>	<b>(5,821)</b>	-	<b>(5,720)</b>	-

### 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 2024	31 March 2023
			£000	£000
Corporate Equity Funds	2	Funds are not priced or traded on an exchange but priced by fund managers using underlying assets prices	-	-
Money Market Funds	2	Funds are not priced or traded on an exchange but priced by fund managers using underlying assets prices	14,909	5,019
Certificates of Deposit, Bonds, etc.	1	Based on "mid-price" basis where there is an active market for the actual instrument	-	-
<b>Total</b>			<b>14,909</b>	<b>5,019</b>

Current investments of £29.269m are made up of £14.909m of money market funds, as shown in the table above, as well as £14.260m 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, £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, and £35m was borrowed during 2023/24 (£1m for the housing joint venture and £34m for housing development projects). £5m of the £60m borrowed for the housing joint venture in 2021/22 was repaid in this financial year. 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 2023 using the PWLB redemption rate and these are £212.530m. The difference between this figure and the £238.157m carried in the balance sheet represents the discounts that would be received for early redemption of the loans as the current interest rates are above those in force when the borrowing took place between March 2012 and March 2024. 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 £238.157m is £190.635m including net potential discounts of £47.522m, less accrued interest. As the Council has a net borrowing requirement to finance capital expenditure there is no opportunity to realise this potential discount, as alternative borrowing costs would offset the benefits. 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 carries 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 2023 Carrying amount £000	31 March 2023 Fair value £000	31 March 2022 Carrying amount £000	31 March 2022 Fair value £000
Short-term investments	29,948	29,948	42,480	42,480
Long-term investments	-	-	-	-
Short-term debtors	17,162	17,162	7,832	7,832
Long-term debtor	74,341	74,341	58,719	58,719
<b>Total Financial Assets</b>	<b>121,451</b>	<b>121,451</b>	<b>109,031</b>	<b>109,031</b>

Financial Liabilities	31 March 2023 Carrying amount £000	31 March 2023 Fair value £000	31 March 2022 Carrying amount £000	31 March 2022 Fair value £000
PWLB debt	(208,157)	(195,626)	(208,157)	(235,789)
Short-term creditors	(29,587)	(29,587)	(39,577)	(39,577)
Long-term creditors	(153)	(153)	(153)	(153)
Short-term finance lease liability	-	-	-	-
Long-term finance lease liability	-	-	-	-
<b>Total Financial Liabilities</b>	<b>(237,897)</b>	<b>(225,366)</b>	<b>(247,887)</b>	<b>(275,519)</b>

## 17. Intangible Assets

The balance of the Council's Intangible Assets is as follows:

2022/23 £000		2023/24 £000
1,225	Gross carrying amounts	1,342
(692)	Accumulated amortisation	(980)
<b>533</b>	<b>Net carrying amount at start of year</b>	<b>362</b>
117	Additions	17
	Other disposals	
(288)	Amortisation for the period	-
	Other changes	
<b>362</b>	<b>Net carrying amount at end of year</b>	<b>379</b>
1,342	Gross carrying amounts	1,359
(980)	Accumulated amortisation	(980)
<b>362</b>	<b>Total</b>	<b>379</b>

## 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 2024.

	2023/24 £000	2022/23 £000
<b>Balance outstanding at start of year</b>	-	-
Assets newly classified as held for sale:		
- Property, Plant and Equipment	-	-
Assets sold	-	-
<b>Balance outstanding at year-end</b>	-	-

## 19. Debtors

Debtors are amounts due to the Council:

	31 March 2024 £000	31 March 2023 £000
Trade receivables	8,102	10,558
Prepayments	5,065	113
Other receivable amounts :-		
External funding	623	596
VAT	1,468	4,823
Business Rates/Council Tax etc	1,541	2,371
Investments	29	2
<b>Total Short Term Debtors</b>	<b>16,828</b>	<b>18,464</b>
Loans to housing joint venture	55,000	60,000
Other capital loans	115	216
Deferred capital receipts	21,603	14,286
<b>Total Long Term Debtors</b>	<b>76,717</b>	<b>74,502</b>
<b>Total Debtors</b>	<b>93,545</b>	<b>92,965</b>

## 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 2024 £000	31 March 2023 £000
Less than three months	7,645	5,935
Three to six months	1,597	1,335
Six months to one year	1,162	379
More than one year	1,256	1,625
<b>Total Debtors</b>	<b>11,660</b>	<b>9,273</b>



## 21. Cash and Cash Equivalents

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

	31 March 2024 £000	31 March 2023 £000
Cash held by the Council	30	30
Bank current accounts	(2,837)	268
Money Market deposits	15,079	9,164
<b>Total Cash and Cash Equivalents</b>	<b>12,272</b>	<b>9,462</b>

## 22. Creditors

Creditors are amounts owed to others by the Council:

	31 March 2024 £000	31 March 2023 £000
Trade payables	(9,513)	(11,061)
Other payable amounts :-		
External Funding	(7,424)	(9,094)
Business Rates, Council Tax etc	(983)	(9,427)
Investments	(268)	(147)
<b>Total Creditors</b>	<b>(18,189)</b>	<b>(29,729)</b>

## 23. Provisions

Provisional Liabilities Payable in More Than One Year	Business Rates Appeals £000	Insurances General Fund £000	Insurances HRA £000	Total £000
<b>Balance at 1 April 2023</b>	<b>2,638</b>	<b>269</b>	<b>226</b>	<b>3,133</b>
Additional provisions made in 2023/24	-	42	37	<b>79</b>
Amounts used in 2023/24	(449)	-	-	<b>(449)</b>
Amounts payable < 1 year transferred to short term provision	-	-	-	-
<b>Balance at 31 March 2024</b>	<b>2,189</b>	<b>311</b>	<b>263</b>	<b>2,763</b>

Provisional Liabilities Payable in Less Than One Year	Business Rates Appeals £000	Insurances General Fund £000	Insurances HRA £000	Total £000
<b>Balance at 1 April 2023</b>	<b>880</b>	<b>49</b>	<b>14</b>	<b>943</b>
Additional provisions made in 2023/24	1,141	1	(13)	<b>1,129</b>
Amounts used in 2023/24	-	(20)	1	<b>(19)</b>
Amounts payable < 1 year transferred from long term provision	-	-	-	-
<b>Balance at 31 March 2024</b>	<b>2,021</b>	<b>30</b>	<b>2</b>	<b>2,053</b>

### 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 assess 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 2023 £'000		31 March 2024 £'000
153,446	Revaluation Reserve	114,901
788	Deferred Capital Receipts Reserve	788
0	Financial Instruments Revaluation Reserve	0
266,692	Capital Adjustment Account	286,202
(11)	Financial Instruments Adjustment Account	(11)
12,738	Pensions Reserve	23,367
(1,255)	Collection Fund Adjustment Account	(5,953)
(195)	Accumulated Absences Account	(172)
<b>432,203</b>	<b>TOTAL UNUSABLE RESERVES</b>	<b>419,122</b>

### 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.

2022/23 £000		2023/24 £000	2023/24 £000
<b>128,745</b>	<b>Balance at 1 April</b>		<b>153,446</b>
36,174	Upward revaluation of assets	(3,787)	
(11,473)	Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services	(34,759)	
<b>24,701</b>	<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>		<b>(38,546)</b>
	- Recognition of Heritage Assets on Donation	-	
	- Difference between fair value depreciation and historical cost depreciation	-	
	- Accumulated gains on assets sold or scrapped	-	
	- <b>Amount written off to the Capital Adjustment Account</b>		<b>-</b>
<b>153,446</b>	<b>Balance at 31 March</b>		<b>114,900</b>

## 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.

2022/23 £000		2023/24 £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	-
<b>788</b>	<b>Balance at 31 March</b>	<b>788</b>

## 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.

2022/23 £000		2023/24 £000
-	<b>Balance at 1 April</b>	-
-	Upward revaluation of investments	-
-	Downward revaluation of investments	-
-	Change in impairment loss allowances	-
-	<b>Balance at 31 March</b>	-

## Capital Adjustment Account

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

The account 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.

2022/23 £000		2023/24 £000	2023/24 £000
272,421	<b>Balance at 1 April</b>		<b>266,692</b>
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(26,274)	- Charges for depreciation and impairment of non-current assets	(16,425)	
-	- Revaluation losses on Assets Held For Sale and reversal of previous revaluation impairments	4,380	
(27)	- Amortisation of intangible assets	(29)	
(2,341)	- Revenue expenditure funded from capital under statute	(4,490)	
(2,607)	- 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	(1,644)	
-	- Write down long-term debtor loan as a capital receipt	(53)	
<b>(31,249)</b>			<b>(18,261)</b>
	- Accumulated gains on assets sold or scrapped		-
	- Difference between fair value depreciation and historical cost depreciation		-
<b>(31,249)</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>		<b>(18,261)</b>
	<b>Capital Financing applied in the year:</b>		
7,862	- Use of the Capital Receipts Reserve to finance new capital expenditure	2,207	
5,747	- Use of the Major Repairs Reserve to finance new capital expenditure	6,521	
2,960	- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	13,088	
1,042	- Application of grants to capital financing from the Capital Grants Unapplied Account	8,777	
2,790	- Capital expenditure charged against the General Fund and HRA balances	5,430	
<b>20,401</b>			<b>36,023</b>
489	Minimum Revenue Provision		1,177
4,630	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		571
-	Removal of initial recognition of Donated Assets credited to the Comprehensive Income and Expenditure Statement		-
<b>266,692</b>	<b>Balance at 31 March</b>		<b>286,202</b>

## 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.

	2023/24 £000
Balance at 1 April	12,738
Remeasurements of the net defined benefit liability	9,919
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	(2,741)
Employer's pensions contributions and direct payments to pensions payable in the year	3,451
<b>Balance at 31 March</b>	<b>23,367</b>

## 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 2022/23 £000	NNDR 2022/23 £000	Total £000		Council Tax 2023/24 £000	NNDR 2023/24 £000	Total £000
(54)	(2,115)	(2,169)	Balance at 1 April	42	(1,297)	(1,255)
96	818	914	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	(94)	(4,604)	(4,698)
42	(1,297)	(1,255)	<b>Balance at 31 March</b>	(52)	(5,901)	(5,953)

## 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.

2022/23 £000		2023/24 £000	2023/24 £000
(262)	<b>Balance at 1 April</b>		(195)
262	Settlement or cancellation of accrual made at the end of the preceding year	195	
(195)	Amounts accrued at the end of the current year	(172)	
67	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		23
(195)	<b>Balance at 31 March</b>		(172)

## 25. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2022/23 £000		2023/24 £000
(3,785)	Interest received	
5,720	Interest paid	
-	Interest element of finance lease payments	
<b>1,935</b>		<b>0</b>

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

2022/23 £000		2023/24 £000
2,341	Depreciation	
(19,759)	Impairment & revaluations in consolidated income and expenditure	
(288)	Amortisation of intangible assets	
7,169	(Increase) / decrease in creditors	
11,462	Increase / (decrease) in debtors	
(221)	(Increase) / decrease in impairment for bad debt	
5	Increase / (decrease) in inventories	
(4,497)	Movement in pension liability	
-	Carrying amount of non-current assets, assets held for sale, sold or derecognised	
4,512	Other non-cash items charged to the net surplus or deficit on the provision of services	
<b>724</b>	<b>Adjust net (surplus)/deficit on the provision of services for non-cash movements</b>	<b>0</b>

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

2022/23 £000		2023/24 £000
0	Investment Gains / (Losses)	
6,067	Proceeds from the sale of PPE, investment properties and intangible assets	
4,045	Any other items for which the cash effects are investing or financing cash flows	
<b>10,112</b>	<b>Adjust net (surplus)/deficit on the provision of services that are investing and financing activities</b>	<b>0</b>

## 26. Cash Flow Statement – Investing Activities

2022/23 £000		2023/24 £000
54,224	Purchase of property, plant and equipment, investment property and intangible assets	
262,266	Purchase of short-term and long-term investments	
-	Other payments for investing activities	
(6,067)	Proceeds from sale of property, plant and equipment, non-current assets held for sale, investment property and intangible assets	
(284,685)	Proceeds from the sale of short-term and long-term investments	
(7,005)	Other receipts from investing activities	
<b>18,733</b>	<b>Net cash flows from investing activities</b>	<b>-</b>

## 27. Cash Flow Statement – Financing Activities

2022/23 £000		2023/24 £000
-	Cash receipts of short- and long-term borrowing	
1,563	Other receipts from financing activities	
-	Cash payments for the reduction of the outstanding liabilities relating to finance leases	
-	Repayments of short- and long-term borrowing	
(1,042)	Other payments for financing activities	
<b>522</b>	<b>Net cash flows from financing activities</b>	<b>-</b>

## 28. Reconciliation of Liabilities Arising from Financing Activities

	Non-cash changes				31/03/2023 £000
	01/04/2022 £000	Financing cash flows £000	Acquisition £000	Other non-cash changes £000	
Long-term borrowings	(208,157)	-	-	-	(208,157)
Short-term borrowings	-	-	-	-	-
Lease liabilities	-	-	-	-	-
<b>Total liabilities from financing activities</b>	<b>(208,157)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(208,157)</b>

## 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	2023/24 £000	2022/23 £000
Basic	277	266
Special Responsibility	115	109
Chair and Vice Chair Allowances	15	8
Co-Optees	1	1
Other Allowances (Travel, Subsistence, etc.)	-	-
<b>Total</b>	<b>408</b>	<b>384</b>

### 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	2023/24	146,206	25,429	171,635
	2022/23	119,126	23,706	142,832
Deputy Chief Executive	2023/24	96,498	19,390	115,888
	2022/23	97,323	19,367	116,690
Head of Finance	2023/24	87,275	17,629	104,904
	2022/23	77,491	15,421	92,912
Programme Director for Climate Change	2023/24	102,915	20,775	123,690
	2022/23	97,323	19,367	116,690

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	2023/24	2023/24	2022/23	2022/23
	Number of Employees Total	Number of Employees Left in Year	Number of Employees Total	Number of Employees Left in Year
£50,000 - £54,999	20	-	12	1
£55,000 - £59,999	13	-	8	-
£60,000 - £64,999	1	-	1	-
£65,000 - £69,999	-	-	1	-
£70,000 - £74,999	6	-	3	-
£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 2022/23	Number of compulsory redundancies 2023/24	Number of other departures agreed 2022/23	Number of other departures agreed 2023/24	Total number of exit packages by cost band 2022/23	Total number of exit packages by cost band 2023/24	Total cost of exit packages in each band 2022/23 £	Total cost of exit packages in each band 2023/24 £
£0 - £20,000	2	-	1	-	3	-	26,550	-
£40,001 - £60,000	1	-	-	-	1	-	55,635	-
<b>Total</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>82,185</b>	<b>0</b>

### 32. External Audit Costs

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

	2023/24 £000	2022/23 £000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor	179	73
Additional fees payable to Grant Thornton in respect of prior year external audit services	-	52
Fees payable to Grant Thornton for the certification of grant claims and returns	34	30
Additional fees payable to Grant Thornton for the certification of prior year grant claims and returns	10	10
<b>Total</b>	<b>223</b>	<b>165</b>

### 33. Usable Reserves

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

31 March 2022 £'000		31 March 2023 £'000
33,258	General Fund Revenue Balance	35,061
30,288	Housing Revenue Account Balance	25,873
6,956	Major Repairs Reserve	6,821
11,555	Usable Capital Receipts Reserve	13,077
7,615	External Capital Grants / Contributions Unapplied	761
<b>89,672</b>	<b>TOTAL USABLE RESERVES</b>	<b>81,593</b>

### 34. Grant Income

The authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2023/24:

	2023/24 £000	2022/23 £000
<b>Credited to Taxation and Non-Specific Grant Income</b>		
Brownfield Land Release Fund	(1,007)	
New Homes Bonus	(1,078)	(2,681)
Small Business Rate Relief	(5,899)	(6,190)
Council Tax Support Grant	-	-
Lower Tier Service Income Grant	(139)	(395)
Funding Guarantee Grant	(1,840)	
Revenue Support Grant	(148)	
Transparency Setup Grant	-	-
Council Tax Annex Discount Grant	-	(12)
<b>Non Ringfenced Revenue Grants</b>	<b>(10,111)</b>	<b>(9,278)</b>
Commonwealth Games	-	(81)
S106 Contributions	859	2,824
Community Infrastructure Levy	(1,972)	(2,485)
Pump Room Gardens Heritage Lottery Grant	-	-
Future Highstreets Fund	(2,777)	(4,265)
Green Homes Grant (LAD2)	-	(239)
UK Shared Prosperity Fund	(266)	(294)
Lawn Tennis Association	(21)	(88)
Sport England Grant	-	(424)
Cyber Support Fund	-	(100)
HIF Grant - Kenilworth School	-	-
CWLEP Bowling Green Grant	-	-
Football foundation	-	-
Outdoor Gym Equipment	-	-
Racing Club Warwick	-	-
Warwick Town Council	-	-
Housing Subsidy	-	-
Whitnash Town Council	(10)	-
Network Rail	-	(15)
<b>Capital Grants and Contributions:</b>	<b>(4,187)</b>	<b>(5,167)</b>
<b>Total Grants Credited to Taxation &amp; Non Specific Grant Income</b>	<b>(14,298)</b>	<b>(14,445)</b>
<b>Credited to Services</b>		
DWP Grants for Housing Benefits	(20,475)	(20,173)
Disabled Facilities Grant - HEART Scheme	(1,087)	(970)
Homelessness Reduction Act Grant	(836)	(462)
UKSPF Capacity Funding	(549)	(35)
Local Council Tax Admin Support Grant	(482)	(434)
Rough Sleeping Initiative Grant	(375)	(238)
Contribution towards NNDR Collection	(220)	(217)
Sport England Swimming Pool Support Fund	(166)	-
Police & Crime Commissioner Grant	(192)	(35)
Electoral Integrity Programme Funding	(96)	(1)
S31 Biodiversity Net Gain	(54)	-
COVID 19 - Income Recovery Scheme	(28)	-
S31 Redmond Review	(21)	(21)
Council Tax and Business Rates - New Burdens	(20)	(261)
Tenant Satisfaction Measures	(18)	(17)
Benefits - Verify Earnings and Pension (VEP) Service	(13)	(17)
Benefits - HBAA Initiative	(13)	(14)
Transparency Code - New Burdens	(8)	(8)
COVID 19 Outbreak Management Fund	-	-
New Burdens Grant	-	(52)
National Leisure Recovery Fund	-	-
Licensing - New Burdens	-	(4)
Future Highstreet Fund	-	(1)
Rough Sleeping Initiative Grant - Hostel	-	-
Land Registry S31 Grant	-	-
Pump Room Gardens HLF Grant	-	-
Rough Sleeping - Protect and Vaccinate Grant	-	-
Cultural Recovery Grant	-	(26)
De-centralisation and Neighbourhood Planning	-	(20)
COVID 19 Enforcement	-	-
COVID-19 Self Isolation Payments	-	(11)
Homelessness Ex-Offenders Grant	-	-
S31 Grant COVID-19 Non-Reclaimable Elections Expenses	-	-
COVID-19 Furlough Grant Claims	-	-
CEV Funding Support Grant	-	(10)
Lawn Tennis Association	-	(3)
Improvement and Development Agency	-	-
Arts Pre Raph Grant	-	-
Individual Electoral Registration	-	-
<b>Credited to Services</b>	<b>(24,653)</b>	<b>(23,030)</b>
<b>TOTAL GRANTS</b>	<b>(38,951)</b>	<b>(37,475)</b>

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:

	2023/24 £000	2022/23 £000
Conservation Grants	0	0
Future High Street Fund	7,065	5,046
Green Homes Grant	-	-
S106 Contributions towards social housing, sports & leisure facilities and play equipment	11,032	9,546
West Midlands Combined Authority - CWG	81	81
DLUHC Cyber Support Fund	100	100
DLUHC UK Shared Prosperity Fund	575	310
Lawn Tennis Association	-	1
Network Rail Contribution	4	4
Racing Club Warwick	4	
Football Association	35	
English Sports Council	402	-
<b>Capital Grants, Contributions Held in Advance</b>	<b>19,298</b>	<b>15,088</b>

### 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 2024 are included within the figures shown in the Grant Income note 35.

#### **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 40.

#### **Precepting Bodies:**

The various Town and Parish Council's in the Council's area issue precepts on the Council. For 2023/24 the precepts issued totalled £2.144m (2022/23 £2.002m). The major preceptors were:

Major Preceptors	2023/24 £000	2022/23 £000
Warwick Town Council	582	561
Royal Leamington Spa Town Council	443	422
Whitnash Town Council	327	284
Kenilworth Town Council	228	204

#### **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 £6,543m (2022/23 £2.044m) were paid to voluntary organisations in which 26 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	2023/24 £000	2022/23 £000
Kenilworth School Multi Academy Trust	6137	1819
Brunswick Healthy Living Centre	156	0
Lord Leycester Hospital Warwick	140	60
Shakespeare's England Ltd	108	88
Sydenham Neighbourhood Initiatives	76	27
Citizens' Advice South Warwickshire	70	0
Warwick District Foodbank	52	0
Warwickshire Community and Voluntary Action (CAVA)	49	53
The GAP-VCS contract	48	25
Warwick Town Council	38	35
Hill Close Gardens Trust	25	25
Coventry & Warwickshire Local Enterprise Partnership	0	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 -£0.312m in 2023/24 ( £0.324m in 2022/23).

#### **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 2023/24 Financial Statements.

Milverton Homes has appointed an external accounting and audit company TC Group 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).

## Crewe Lane LLP

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 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 which 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. 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.

### 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.

	2023/24 £000	2022/23 £000
<b>Opening Capital Financing Requirement</b>	<b>293,314</b>	<b>259,055</b>
Prior year adjustment	-	(349)
<b>Capital Investment:</b>		
Property, Plant and Equipment	45,108	30,786
Investment Properties	-	-
Infrastructure Assets	50	1,542
Heritage Assets	-	-
Community Assets	-	2
Intangible Assets	17	117
Non-operational Surplus Assets	-	54
Revenue Expenditure Funded from Capital Under Statute:		
- Grants	4,481	2,080
- Long-term loans	5,473	20,917
Finance Leases Principal		-
<b>Sources of Finance:</b>		
Capital Receipts	(2,207)	(7,862)
Government grants and other contributions	(21,865)	(4,002)
Major Repairs Reserve	(6,521)	(5,747)
Sums set aside from revenue	(5,430)	(2,790)
Minimum Revenue Provision	(1,177)	(489)
<b>Closing Capital Financing Requirement</b>	<b>311,243</b>	<b>293,314</b>
<b>Explanation of movements in year</b>		
Increase underlying need to borrow (unsupported by Government financial assistance)	17,929	34,259
<b>Increase in Capital Financing Requirement</b>	<b>17,929</b>	<b>34,259</b>

### 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 2024 £000	31 March 2023 £000
Not later than one year	378	336
Later than one year and not later than five years	1,259	857
Later than five years	1,006	674
	<b>2,644</b>	<b>1,867</b>

### **38. Impairment / Revaluation Losses**

Enquiries were made of Service Areas, the Asset Management Team and our external valuers, Carter Jonas, to identify any additional properties that were physically impaired and which, therefore, required revaluation during 2023/24 to reflect their reduced capacity to operate at previous levels.

1 Warwick Street, Royal Leamington Spa, was purchased in 2019 and remains undeveloped for housing purposes. During 2023 a survey by Carter Jonas identified a few structural concerns, which resulted in Carter Jonas being asked to revalue this 'asset under construction', rather than disclose it at historic cost, as would be normal practice. This resulted in a revaluation reduction from £3.155m to £1.635m.

There were no additional impairments in 2023/24.

### **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 year 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 provision 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	2023/24 £000	2022/23 £000
<i>Cost of Services:</i>		
- Current service cost	3,348	6,239
- Past service costs	-	-
- (Gain) / loss from settlements	-	-
Financing and Investment Income and Expenditure:	-	-
- Net interest expense	(607)	1,063
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>2,741</b>	<b>7,302</b>
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)	(5,439)	6,028
- Actuarial gains and losses arising on changes in demographic assumptions	(864)	(1,223)
- Actuarial gains and losses arising on changes in financial assumptions	(8,124)	(71,933)
- Other	4,508	10,939
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(7,178)</b>	<b>(48,887)</b>
<b>Movement in Reserves Statement</b>		
- Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(2,741)	(7,302)
<b>Actual amount charged against the General Fund and HRA Balances for pensions in the year:</b>		
Employer's contributions payable to scheme	3,451	326

## 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:

	2023/24 £000	2022/23 £000
Present value of the defined benefit obligation	145,125	144,810
Fair value of plan assets	(168,492)	(157,548)
Other movements in the liability / asset		
<b>Net liability arising from defined benefit obligation</b>	<b>(23,367)</b>	<b>(12,738)</b>



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

	2023/24 £000	2022/23 £000
<b>Opening fair value of scheme assets</b>	<b>157,548</b>	<b>163,178</b>
Opening balance adjustment *		
Interest income	7,438	4,350
Remeasurement gain / (loss):		
- Other experiences		-
- The return on plan assets, excluding the amount included in the net interest expense	5,439	(6,028)
The effect of changes in foreign exchange rates	-	-
Contributions from employer	3,451	326
Contributions from employees into the scheme	1,025	902
Benefits paid	(6,409)	(5,180)
<b>Closing fair value of scheme assets</b>	<b>168,492</b>	<b>157,548</b>

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

	2023/24 £000	2022/23 £000
<b>Opening balance at 1 April</b>	<b>144,810</b>	<b>199,653</b>
Opening balance adjustment *		
Current service cost	3,348	6,239
Past service cost	-	-
Interest cost	6,831	5,413
Contributions from scheme participants	1,025	902
Remeasurement (gains) / losses:		
- Actuarial gains / losses arising from changes in demographic assumptions	(864)	(1,223)
- Actuarial gains / losses arising from changes in financial assumptions	(8,124)	(71,933)
- Other experience	4,508	10,939
Benefits paid	(6,409)	(5,180)
<b>Closing balance at 31 March</b>	<b>145,125</b>	<b>144,810</b>

## Local Government Pension Scheme assets comprised:

	31 March 2024 Quoted prices in active markets £000	31 March 2024 Quoted prices not in active markets £000	31 March 2024 Total £000	31 March 2023 Quoted prices in active markets £000	31 March 2023 Quoted prices not in active markets £000	31 March 2023 Total £000
Cash and cash equivalents	6,241	-	6,241	1,891	-	1,891
Equity Securities (by industry type):	-	-	-	-	-	-
- Consumer	-	-	-	-	-	-
- Manufacturing	-	-	-	-	-	-
- Energy and Utilities	-	-	-	-	-	-
- Financial Institutions	-	-	-	-	-	-
- Health and Care	-	-	-	-	-	-
- Information Technology	-	-	-	-	-	-
- Other	-	-	-	-	67	67
<b>Sub-total equity</b>	-	-	-	-	67	67
Debt Securities						
- Corporate bonds (investment grade)	19,050	-	19,050	10,483	-	10,483
- Corporate bonds (non-investment grade)	-	-	-	3,382	-	3,382
- UK Government	-	-	-	5,514	-	5,514
- Other	-	6,529	6,529	-	5,829	5,829
<b>Sub-total debt securities</b>	19,050	6,529	25,579	19,378	5,829	25,208
Property:						
- UK Property	12,261	-	12,261	14,494	-	14,494
- Overseas Property	1,688	-	1,688	-	-	-
<b>Sub-total property</b>	13,949	-	13,949	14,494	-	14,494
Private Equity:						
- All	-	11,955	11,955	-	11,659	11,659
Investment Funds and Unit Trusts:						
- Equities	95,401	-	95,401	79,022	-	79,022
- Bonds	-	-	-	14,179	-	14,179
- Hedge Funds	-	-	-	-	-	-
- Commodities	-	-	-	-	-	-
- Infrastructure	-	15,368	15,368	-	11,028	11,028
- Other	-	-	-	-	-	-
<b>Sub-total Investments</b>	95,401	15,368	110,768	93,201	11,028	104,230
<b>TOTAL ASSETS</b>	<b>134,641</b>	<b>33,851</b>	<b>168,492</b>	<b>128,965</b>	<b>28,583</b>	<b>157,548</b>

## 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 2024.

The significant assumptions used by the actuary have been:

		2023/24	2022/23
<b>Mortality assumptions:</b>	<b>Longevity at 65 for Current Pensioners:</b>		
	Men	21.5 years	21.6 years
	Women	24.2 years	24.4 years
	<b>Longevity at 65 for Future Pensioners</b>		
	Men	22.4 years	22.6 years
	Women	25.7 years	26.0 years
Rate of inflation		3.20%	3.30%
Rate of increase in salaries		3.75%	3.95%
Rate of increase in pensions		2.75%	2.95%
Rate of discounting scheme liabilities		4.85%	4.75%

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)	5,805	(5,805)
Rate of increase in salaries (increase or decrease by 0.1%)	134	(134)
Rate of increase in pensions (increase or decrease by 0.1%)	2,506	(2,506)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	2,593	(2,593)

### 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 2024.

The weighted average duration of the defined benefit obligation for scheme members is 17 years, 2023/24 (17 years 2022/23).

### 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 2024 in respect of investments held by the Council are:

Investment / Counterparty type:	S/term	L/term	Security / Min. credit rating	Max. limit per counterparty	Max. Maturity period	Portfolio at 31 March 2024 £000	Proportion of Portfolio at 31 March 2024
	(FITCH or equivalent)						
<b>Specified instrument (repayable within 12 months):</b>							
UK Govt. / Local Authorities / Public Corporations / Nationalised Industries	n/a		n/a	£10m	365 days	7,000	25.5%
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	7,000	25.5%
	F1	AA- & above	UK Sovereign	£8m	365 days	-	0.0%
Money Market Fund (LVNAV)	AAA m / Aaa-mf/AAAmmf		n/a	£10m	liquid	12,484	45.4%
Money Market Fund (VNAV)	AAAf S1 / Aaa-bf/ AAA/V1		n/a	£6m	liquid	1,000	3.6%
<b>Non-specified instruments</b>							
Building Societies- assets >£500m	Unrated category C		n/a	£1m	3 months	-	0.0%
Corporate Equity Funds	n/a		Low Risk	£4m	10 years	-	0.0%
<b>Total</b>						<b>27,484</b>	<b>100.0%</b>

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 2024, sundry debts outstanding stood at £3.815m of which £2.0383m related to general debts and -£1.777m 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 £0.079m and £0.596m have been established in respect of the general debts and Housing and Council Tax Benefit Overpayments respectively.

An analysis by age of the £3.815m less £2.0383m 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	5.26%

The loss allowance is calculated as follows:

Lifecycle stage	Gross carrying amount	Loss rate	Lifetime expected credit losses
	A £	B	A x B £
Over 1 year	60,177	100%	60,200
Current year	357,162	5.26%	18,800
		<b>Loss allowance</b>	<b>79,000</b>

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	Loss rate	Lifetime expected credit losses
	A £	B	A x B £
01 - 03 months	65,100	23.60%	15,400
04 - 06 months	55,400	35.00%	19,400
07 - 09 months	59,600	40.00%	23,800
10 - 12 months	39,600	45.00%	17,800
Over 1 year	945,800	55.00%	520,200
		<b>Loss allowance</b>	<b>596,600</b>

## 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 2023 using the methodology recommended by its treasury advisers in order to comply with IFRS 9.

The calculated potential impairment of £0.011m equates to 0.04% of total investments of £34.967m. This has been assessed as being immaterial and no impairment of the investments has been made.

During 2023/24, the Council made long term loans for capital expenditure amounting to £5.473m 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 2024, outstanding arrears in respect of Council house rents and charges stood at £2.758m; again, an assessment of the default rate on these arrears has been made and a bad debts provision of £2.094m 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 38 years and the average rate of the portfolio is 3.00%.

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 2023/24 outturn a 0.25% movement upwards in interest rates would have produced an additional £0.208m interest. Conversely the same movement downwards would have reduced investment 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 2022/23 or 2023/24.

## **41. Contingent Assets and Liabilities**

### **Contingent Liabilities**

As at 31 March 2024 the Council has no contingent liabilities.

### **Contingent Assets**

As at 31 March 2024 the Council identified the following material contingent assets:

#### **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 2024, 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.

## 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.

2022/23 £000		2023/24 £000	2023/24 £000
	<b>Expenditure</b>		
10,421	Repairs and Maintenance	9,330	
8,756	Supervision and Management	10,977	
408	Rents, Rates, Taxes and Other Charges	310	
109	Increased Provision for Bad Debts	19	
6,554	Depreciation and Impairment of Non-Current Assets	6,957	
	- Debt Management Costs	-	
	- Amortisation of Intangible Assets & Revenue Expenditure Funded from Capital Under Statute		
<b>26,248</b>	<b>Total Expenditure</b>		<b>27,593</b>
	<b>Income</b>		
(27,253)	Dwelling Rents	(30,438)	
(1,063)	Non-Dwelling Rents	(1,084)	
(1,227)	Charges for Services and Facilities	(1,447)	
(102)	Contributions Towards Expenditure	(137)	
<b>(29,645)</b>	<b>Total Income</b>		<b>(33,106)</b>
<b>(3,397)</b>	<b>Net Cost of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement</b>		<b>(5,513)</b>
	74 HRA services' share of Corporate and Democratic Core		74
	21 HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to specific services		21
<b>(3,302)</b>	<b>Net Income for HRA Services</b>		<b>(5,418)</b>
(2,533)	Gain or Loss on sale of HRA non-current assets		(1,536)
4,766	Interest payable and similar charges		4,870
172	Net interest on the net defined benefit asset or liability		(100)
153	HRA Interest and Investment Income		597
	- Capital Grants and Contributions Receivable		-
<b>(744)</b>	<b>(Surplus) / Deficit for the year on HRA services</b>		<b>(1,587)</b>



## 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.

2021/22 £000		Notes	2022/23 £000	2022/23 £000
<b>5,157</b>	<b>Balance on the HRA at the end of the previous year</b>			<b>862</b>
747	Surplus or (deficit) for the year on the HRA Income and Expenditure Statement	HRA I&E	1,587	
(6,275)	Adjustments between accounting basis and funding basis under statute	Main Notes 9	3,987	
<b>(5,528)</b>	<b>Net increase or (decrease) before transfers to or from reserves</b>		<b>5,574</b>	
1,233	Transfers (to) or from reserves	Main Note 10	4,416	
<b>(4,295)</b>	<b>Increase or (decrease) in year on the HRA</b>			<b>9,990</b>
<b>862</b>	<b>Balance on the HRA at the end of the current year</b>			<b>10,852</b>

## 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:

	31/03/2024 Nos.	31/03/2023 Nos.
Houses	2,492	2,454
Flats	2,380	2,388
Bungalows	672	672
	<b>5,544</b>	<b>5,514</b>

The change in housing stock can be summarised as follows:

	2023/24 Nos.	2022/23 Nos.
<b>Housing Stock at 1 April</b>	<b>5,514</b>	<b>5,527</b>
New build	56	37
Buy Back Purchases	2	1
Reclassification from non-operational to operational stock	-	-
Right to Buy sales	(19)	(31)
Other Sales - Shared Ownership	(9)	(20)
<b>Housing Stock at 31 March</b>	<b>5,544</b>	<b>5,514</b>

## 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 2024 £000	1 April 2023 £000
Council Dwellings	450,097	453,493
Other Properties	10,579	10,505
Land	629	629
Equipment	480	433
Assets Under Construction	41,610	41,217
Surplus Assets	-	-
Assets Held for Sale	-	-
<b>Total Balance Sheet Items</b>	<b>503,394</b>	<b>506,277</b>

## 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.

	31/03/2024 £000	31/03/2023 £000
Vacant Possession Value of Dwellings (Open Market Value)	1,117,690	1,104,681
Balance Sheet Value of Dwellings (Social Housing Value) (40% of Open Market Value)	(463,028)	(455,565)
<b>Economic Cost to Government</b>	<b>654,662</b>	<b>649,116</b>

## 4. Summary of Capital Expenditure Funding Sources

	2023/24 £000	2022/23 £000
Prudential Borrowing	13,592	3,429
Government Grant	5,817	622
Usable Capital Receipts	2,207	3,399
Revenue and Other Contributions	3,777	819
Major Repairs Reserve	6,521	5,747
<b>Total Capital Expenditure Funding</b>	<b>31,913</b>	<b>14,015</b>

## 5. Revaluations Impairment

A full valuation of the Housing Revenue Account dwellings, other properties and land was undertaken for the 31<sup>st</sup> March 2024 valuation by the Council's Valuer, Carter Jonas LLP. Revaluation Losses of -£17.172m gains of £15.311m were credited to the Housing Revenue Account Revaluation Reserve resulting in a net loss of £1,860m.

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

	2023/24 £000	2022/23 £000
Sale of Council Houses	2,290	3,869
Other Non RTB Sales	710	2,188
<b>Total Capital Receipts</b>	<b>3,000</b>	<b>6,057</b>

## 7. Depreciation of Fixed Assets

	2023/24 £000	2022/23 £000
Council Dwellings	6,024	5,996
Other Buildings	883	510
Equipment	50	48
<b>Total Depreciation</b>	<b>6,957</b>	<b>6,554</b>

## 8. Arrears and Provision for Loss Allowances

	2023/24 £000	2022/23 £000
<b>HRA Rent &amp; Charges Arrears</b>		
Current Tenant Rent Arrears	4,611	1,248
Former Tenant Rent Arrears	1,013	860
<b>Dwelling Rent Arrears</b>	<b>5,624</b>	<b>2,108</b>
Garage Rent Arrears	44	49
Supporting People Charge Arrears	15	19
Court Cost Arrears	185	166
Overpayment of Benefit Arrears	-	128
Insolvency	104	
Other Arrears	221	288
<b>Total Arrears</b>	<b>6,193</b>	<b>2,758</b>
<b>Prepayments</b>		
Dwelling Rent Prepayments	(550)	(520)
Garage Rent Prepayments	(15)	(15)
Other Prepayments	123	(7)
<b>Total Prepayments</b>	<b>(442)</b>	<b>(542)</b>
<b>Net Arrears</b>	<b>5,751</b>	<b>2,216</b>
<b>HRA Bad Debt Provisions</b>		
Rent Bad Debt Provision	(1,779)	(1,833)
Court Cost Bad Debt Provision	(280)	(261)
<b>Total Bad Debt Provisions</b>	<b>(2,059)</b>	<b>(2,094)</b>
<b>Arrears as a proportion of gross rent net of housing benefit</b>	<b>2023/24</b>	<b>2022/23</b>
Current Tenant Rent Arrears	17.96%	5.61%
Net Arrears	22.40%	9.94%

## 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.

2022/23 Council Tax £000	2022/23 Business Rates £000	2022/23 Total £000		2023/24 Council Tax £000	2023/24 Business Rates £000	2023/24 Total £000
<b>Income</b>						
(117,835)	-	(117,835)	Council Tax Receivable	(123,384)	-	(123,384)
-	(65,703)	(65,703)	Business Rates Receivable	-	(69,721)	(69,721)
-	(467)	(467)	Transitional Protection Payments Receivable	-	(5,448)	(5,448)
<b>(117,835)</b>	<b>(66,170)</b>	<b>(184,005)</b>	<b>Total Income</b>	<b>(123,384)</b>	<b>(75,169)</b>	<b>(198,553)</b>
<b>Expenditure</b>						
<b>Precepts and Demands:</b>						
-	32,493	32,493	Central Government	-	37,603	37,603
89,728	6,499	96,227	Warwickshire County Council	95,361	7,521	102,882
14,817	-	14,817	The Office of the Warwickshire Police and Crime Commissioner	15,958	-	15,958
11,977	25,995	37,972	Warwick District Council	12,343	30,082	42,425
<b>116,522</b>	<b>64,987</b>	<b>181,509</b>		<b>123,662</b>	<b>75,206</b>	<b>198,868</b>
<b>Distribution of earlier years' Collection Fund Surplus/(Deficit):</b>						
(168)	(188)	(356)	Warwickshire County Council	155	854	1,009
-	(942)	(942)	Central Government	-	4,269	4,269
(26)	-	(26)	The Office of the Warwickshire Police and Crime Commissioner	28	-	28
(23)	(753)	(776)	Warwick District Council	19	3,415	3,434
<b>(217)</b>	<b>(1,883)</b>	<b>(2,100)</b>		<b>202</b>	<b>8,538</b>	<b>8,740</b>
<b>Charges to the Collection Fund:</b>						
314	527	841	Write-offs of uncollectable amounts	230	637	867
-	217	217	Warwick District Council: Cost of Collection Allowance	-	220	220
300	-	300	Increase / (Decrease) in Bad Debts Provision	203	-	203
-	340	340	Increase / (Decrease) in Provision for Appeals	-	1,730	1,730
-	-	-	Transitional Protection Payments payable	-	-	-
-	69	69	Renewable Energy Disregard	-	73	73
-	-	-	Interest payable	-	108	108
<b>614</b>	<b>1,153</b>	<b>1,767</b>		<b>433</b>	<b>2,768</b>	<b>3,201</b>
<b>Movement On Fund:</b>						
(916)	(1,914)	(2,830)	Net (Surplus) / Deficit for Year	913	11,343	12,256
527	5,290	9,319	(Surplus) / Deficit brought forward 1 April	(389)	3,376	6,489
<b>(389)</b>	<b>3,376</b>	<b>6,489</b>	<b>(Surplus) / Deficit carried forward 31 March</b>	<b>524</b>	<b>14,719</b>	<b>18,745</b>

# 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 2023/24 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
@	-	10	-	(1.20)	8.80	5 / 9	4.89
A	5,013	15	379	(1,452.30)	3,954.70	6 / 9	2,636.47
B	12,433	42	658	(2,836.70)	10,296.30	7 / 9	8,008.23
C	18,475	16	613	(2,926.90)	16,177.10	8 / 9	14,379.64
D	13,344	(23)	417	(1,829.00)	11,909.00	9 / 9	11,909.00
E	8,160	(30)	443	(1,334.70)	7,238.30	11 / 9	8,846.81
F	5,427	17	133	(512.70)	5,064.30	13 / 9	7,315.10
G	4,570	(26)	72	(316.50)	4,299.50	15 / 9	7,165.83
H	453	(21)	10	(36.20)	405.80	18 / 9	811.60
	<b>67,875</b>	<b>-</b>	<b>2,725</b>	<b>(11,246.20)</b>	<b>59,353.80</b>		<b>61,077.57</b>
							Adjustment for new properties, collection rates, changes during the year for successful appeals against
							237.32
							Less Council Tax Support Scheme
							(3,645.27)
							<b>Council Tax Base 2023/24</b>
							<b>57,669.62</b>

### 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 £96,052.74 at 31 March 2024.

# 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 2023/24 have been produced externally by TC Group (formally known as 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 2022/23	Gross Income 2022/23	Gross Income 2022/23	Portfolio	Gross Expenditure 2023/24	Gross Income 2023/24	Gross Income 2023/24
£000	£000	£000		£000	£000	£000
20,021	- 8,772	11,249	Neighbourhood & Assets	20,021	- 8,772	11,249
10,521	- 885	9,636	Safer Communities, Leisure & Environment	10,521	- 885	9,636
17,277	- 7,595	9,682	Place, Arts & Economy	17,277	- 7,595	9,682
10,512	- 3,329	7,183	Finance	10,512	- 3,329	7,183
5,395	- 2,605	2,681	Housing Services - GF	5,395	- 2,714	2,739
26,717	- 30,417	- 3,772	Housing Services - HRA	26,717	- 30,489	- 3,747
21,788	- 20,715	1,073	Customer & Digital Services	21,788	- 20,715	1,073
150	- 92	58	People and Communication	150	- 92	58
5,535	- 410	5,125	Strategic Leadership	5,535	- 410	5,125
<b>117,916</b>	<b>- 74,820</b>	<b>42,915</b>	<b>Cost of Services - continuing operations</b>	<b>117,916</b>	<b>- 75,001</b>	<b>42,998</b>
2,002	- 6,361	- 4,359	Other Operating Income and Expenditure	2,002	- 6,361	- 4,359
6,783	- 9,940	- 3,157	Financing and Investment Income and	6,783	- 9,940	- 3,115
-	- 28,048	- 28,048	Taxation and Non-Specific Grant Income and	-	- 28,048	- 28,048
-	-	<b>7,351</b>	<b>(Surplus) or Deficit on Provision of Services</b>	-	-	<b>35,522</b>
-	-	-	Associates & Joint Ventures Accounted for on an	-	-	-
-	-	-	Tax Expenses of Subsidiaries	-	-	-
-	-	-	<b>Group Surplus/Deficit</b>	-	-	-
-	-	- 33,919	(Surplus) or Deficit on revaluation of Non	-	-	- 33,919
-	-	10,109	Impairment Losses on Non Current Assets	-	-	10,109
-	-	-	Surplus or deficit on revaluation of available for	-	-	-
-	-	- 56,189	Remeasurement of the net defined benefit	-	-	- 56,189
293	-	293	Share of Other Comprehensive Income &	- 393	-	- 393
	-	-	Expenditure of Subsidiaries, Associates & Joint		-	
	-	<b>79,706</b>	<b>Other Comprehensive Income and Expenditure</b>	<b>- 393</b>	-	<b>80,392</b>
		<b>(72,355)</b>	<b>Total Comprehensive Income and Expenditure</b>		-	<b>(115,914)</b>

## 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.

2023/24	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 Reserves of Subsidiaries	Total Group Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2023 carried forward</b>	33,258	30,288	11,555	6,956	7,615	89,672	429,513	521,875	(878)	520,997
<b>Movement in reserves during 2023/24</b>	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income and Expenditure	889	(7,867)	-	-	-	(6,978)	(21,821)	(28,799)	-	(28,799)
Adjustments from income & expenditure charged under the accounting basis to the funding basis (see note 8)	(5,442)	3,987	794	(134)	(6,854)	(7,649)	11,543	3,894	-	3,894
Adjustments Between Group Accounts & Authority Accounts	-	-	-	-	-	-	-	-	-	-
<b>Increase / (Decrease) in 2023/24</b>	<b>(4,553)</b>	<b>(3,880)</b>	<b>794</b>	<b>(134)</b>	<b>(6,854)</b>	<b>(14,627)</b>	<b>(10,278)</b>	<b>(24,905)</b>	<b>0</b>	<b>(24,905)</b>
<b>Balance at 31 March 2024 carried forward</b>	<b>28,705</b>	<b>26,408</b>	<b>12,349</b>	<b>6,822</b>	<b>761</b>	<b>75,045</b>	<b>419,235</b>	<b>496,970</b>	<b>(878)</b>	<b>496,092</b>
2022/23	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 Reserves of Subsidiaries	Total Group Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2022 carried forward</b>	30,217	31,521	13,396	6,150	6,172	87,456	360,558	448,014	-	448,014
<b>Movement in reserves during 2022/23</b>	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income and Expenditure	(12,394)	5,042	-	-	-	(7,352)	80,890	73,538	-	73,538
Adjustments from income & expenditure charged under the accounting basis to the funding basis (see note 8)	15,434	(6,275)	(1,841)	806	1,443	9,567	(9,244)	323	-	323
Adjustments Between Group Accounts & Authority Accounts	-	-	-	-	-	-	-	-	(878)	(878)
<b>Increase / (Decrease) in 2022/23</b>	<b>3,041</b>	<b>(1,233)</b>	<b>(1,841)</b>	<b>806</b>	<b>1,443</b>	<b>2,216</b>	<b>68,955</b>	<b>71,171</b>	<b>(878)</b>	<b>70,293</b>
<b>Balance at 31 March 2023 carried forward</b>	<b>33,258</b>	<b>30,288</b>	<b>11,555</b>	<b>6,956</b>	<b>7,615</b>	<b>89,672</b>	<b>429,513</b>	<b>521,875</b>	<b>(878)</b>	<b>520,997</b>



## 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 2023		Group Total 31 March 2024 £000
£000		£000
	<b>Operational Assets:</b>	
453,493	Council Dwellings	450,097
11,134	HRA Land and Buildings	11,208
82,455	Other Land and Buildings	82,789
11,789	Vehicles, Plant, Furniture and Equipment	11,787
1,624	Infrastructure Assets	1,672
939	Community Assets	915
	<b>- Non-Operational Assets</b>	-
242	Surplus Assets	2,852
51,130	Assets under Construction	50,730
<b>612,806</b>	<b>Property, Plant and Equipment</b>	<b>612,050</b>
9,017	Heritage Assets	9,042
14,931	Investment Properties	18,220
362	Intangible Assets	341
99	Long Term Investments	99
0	Long Term Investment in Subsidiaries, Associates & Joint Ventures	0
74,501	Long Term Debtors	76,717
<b>711,716</b>	<b>Long Term Assets</b>	<b>716,469</b>
25,804	Short Term Investments	14,176
	- Assets Held for Sale	-
19	Inventories	20
18,204	Short Term Debtors	15,850
10,061	Cash and Cash Equivalents	12,458
<b>54,088</b>	<b>Current Assets</b>	<b>42,504</b>
(29,745)	Short Term Creditors	(18,212)
(943)	Provision Liabilities payable in less than 1 year	(2,053)
<b>(30,688)</b>	<b>Current Liabilities</b>	<b>(20,265)</b>
(153)	Long Term Creditors	(1,341)
(5,756)	Provision Liabilities payable in more than 1 year	(5,285)
(208,157)	Long Term Borrowing	(238,157)
	- Other Long Term Liabilities	-
(15,089)	Capital External Grants/Contributions in Advance	(19,299)
12,738	Net Pensions Liability	23,367
<b>(216,417)</b>	<b>Long Term Liabilities</b>	<b>(240,715)</b>
<b>518,699</b>	<b>Net Assets</b>	<b>497,993</b>
86,495	Usable Reserves	78,872
432,204	Unusable Reserves	419,121
<b>518,698</b>	<b>Total Reserves</b>	<b>497,993</b>

# Group Cash Flow Statement

The Cash Flow Statement shows the Group changes in cash and cash equivalents during the reporting period. No Dividends were paid out by Milverton Homes in 2023/24.

2023/24 £000		Total £000
7,331	Net (Surplus) or deficit on the provision of services	-
514	Adjust net (surplus) or deficit on the provision of services for non cash movements	633
10,112	Adjust for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	(4,742)
<b>17,957</b>	<b>Net cash flows from Operating Activities</b>	<b>(4,109)</b>
18,733	Investing Activities	4,692
522	Financing Activities	(546)
<b>37,212</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>	<b>36</b>
(49,992)	Cash and cash equivalents at the beginning of the reporting period	9,462
<b>(12,780)</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>9,498</b>

## Notes to the Group 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 2023/24 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 Councils Loan transactions were 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 2022/23 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 2023/24 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 councils 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 2023/24

### **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 processes and structures meet the principles of good governance set out in the Council’s Constitution and how assurance is obtained that these are 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 which is prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA).

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 try 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/SOLACE<sup>1</sup> Framework for Delivering Good Governance in Local Government (2016).
- 3.7 The Council's Corporate Strategy (known as Warwick District 2030 and adopted in this reporting year) sets out the Council's objectives and priorities for the district and how these are to be achieved. The strategy is based around three strategic priorities and is used to identify and prioritise the work programme up to 2030. This strategy and the priorities included within were agreed with the new administration that has been in place following the May 2023 elections.
- 3.8 Delivery of the Council's Corporate Strategy is usually through the Service Area Plans (SAPs), in which the corporate objectives are translated into more specific aims and objectives, and corporate projects. Due to the transition to the new Corporate Strategy, interim plans (only covering KPIs from the previous year) were used for the period between April and December 2023. These were then followed with new SAPs, which were linked to the new strategic priorities, covering the subsequent eighteen-month period.
- 3.9 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 and Senior Officers through SharePoint.
- 3.10 Warwick District Council's Constitution establishes the roles and responsibilities for members of the Cabinet, Audit and Standards (A&S) Committee, Overview & Scrutiny (O&S) Committee, together with officer functions.
- 3.11 The Chair of the Overview & Scrutiny Committee has continued to seek to develop the role of the Committee in its ability to add value to decisions of the Cabinet and influence the direction of the Council. During 2023/24 the Committee reviewed how it operates and works with other Committees to further enhance this work, and details of the planned development and revised approach were agreed by the Committee in January 2024.
- 3.12 The Chair of Audit & Standards has expressed concerns, in respect of the ability to check and challenge Council finances and awareness around procurement within the Council.
- 3.13 Both Committee Chairs, welcomed the introduction of the Asset Compliance Committee in November 2023 to challenge the progress in respect to ensuring compliance for safety under the Social Housing (Regulation) Act. As part of this, the Chairs of the Asset Compliance Committee, Audit & Standards Committee and Overview & Scrutiny Committee started quarterly meetings to share themes and areas of common work. There is also informal agreement on how to share work between these Committees to ensure the appropriate Committee looks at the appropriate area of work.

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

- 3.14 The Council also has the Budget Review Group in place which meets the evening before Cabinet considers papers regarding the fees and charges, HRA and General Fund Budget. This has a membership of Councillors from both the Audit & Standards Committee and the Overview & Scrutiny Committee. It provides comments directly to the Cabinet.
- 3.15 The Constitution includes details of delegation arrangements, the Councillors' Code of Conduct, and protocols for councillor / officer relations. From May 2022 the Council has operated under the Local Government Association Model Code of Conduct for Councillors. The Constitution is kept under review to ensure that it continues to be fit for purpose and within the year there has been a number of minor revisions. The Council has adopted a Standards regime pursuant to the Localism Act 2011 and appointed the Audit & Standards Committee to be responsible for such matters. Conduct of officers is governed through the Employee Code of Conduct and through the values and behaviours which are part of the Council's Corporate Strategy and embedded within performance appraisals.
- 3.16 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 ensure 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 Team (SLT).
- 3.17 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.
- 3.18 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.
- 3.19 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 Team, with a status at least equivalent to other members of the team. 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.
- 3.20 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 (that is to say, the Head of Finance does not have responsibility for the Assets function).
- 3.21 With regard to asset management, the day-to-day responsibility for this came under the post of Head of Neighbourhood and Assets during 2023/24. As with all heads of services, the Head of Neighbourhood and Assets is part of the Senior Leadership Team. The Council is firmly of the view that this is the best way to deliver this service. Whilst the Head of Finance does not have direct responsibility for the Assets function, he retains responsibility for any financial implications arising from any decisions to be taken over the management of the assets.
- 3.22 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. In order to strengthen cross-party leadership of the Council's business, all the Council's Political Group Leaders meet with the Cabinet regularly on a non-Constitutional forum known as the Leadership Coordination Group

(LCG). The role of the LCG is to try to ensure that there is a unified cross-party response to the challenges facing the Council. This forum is used to review all draft Cabinet reports and receive officer briefings on the most important Council matters. It has enabled the Council's business to continue unabated despite no one party having a majority.

- 3.23 The primary counterbalance to the Cabinet is the Overview & Scrutiny Committee. The roles of this committee include the opportunity to provide a robust challenge to the Cabinet.
- 3.24 'Task and Finish' Groups, comprising solely councillors, are appointed by the Overview and Scrutiny Committee to examine issues in detail. These Groups report back to the Committee with recommendations on improvements which are, when approved, taken forward.
- 3.25 The Audit and Standards Committee fulfils 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.
- 3.26 The Council has a formal complaints procedure that allows the public or other stakeholders to make a complaint regarding the service received or the conduct of Councillors. The Audit and Standards Committee has responsibility for overseeing the investigation of complaints against Councillors. Mandatory training on Standards was provided to Members in May 2023. Overall, the Council continues to have a low volume of complaints about services but has recently reviewed its complaints policy and procedures to ensure they are robust.
- 3.27 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 – comprising 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 employee induction process.
- 3.28 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 Cabinet who assumes overall responsibility for it. It is also considered by the Audit and Standards Committee. A significant review of the Council's approach to risk management began in 2023/24 with a commitment to implement new processes in 2024/25.
- 3.29 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 skilled 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.
- 3.30 The individual performance appraisal system is operated in the Council, having been subject to regular review and refinement. Staff are measured against operational objectives that derive from the Corporate Strategy. The performance appraisal system also helps individuals identify learning and developmental needs to ensure that appropriate training is provided to staff to enable them to undertake their role effectively and have the opportunity to develop.
- 3.31 During the first year of the administration, a review was undertaken by the Leader on how to engage Councillors effectively within the delivery of the Corporate Strategy. Three Programme Boards were

introduced (to cover each of the three key themes in the Corporate Strategy), as well as advisory groups to support these. However, there was only take up of membership for the Low Cost Low Carbon Advisory Group.

- 3.32 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 delivery of the South Warwickshire Local Plan.
- 3.33 The Council strives to be open and accessible to the community. All communication is delivered across a combination of platforms, including website, social media, press releases, and printed leaflets and posters, to ensure it is accessible to all residents. In addition, consultations and surveys are carried out to encourage engagement and seek the views of residents when developing new policies and initiatives.
- 3.34 All Council committee meetings are open to the public, except where confidential matters are concerned. During this year, the Council relocated meetings from the Town Hall, due to building works, to Shire Hall and, as a result, meetings are not broadcast live to YouTube, but uploaded the day after the meeting. Agendas and minutes for Council meetings are placed on the website along with the Council's policies and strategies. Councillors are encouraged to submit questions in advance of all committee meetings, to maximise the time available in formal meetings and enable greater focus on specific areas of concern. The responses to these pre-meeting questions are made available to the public on the website.
- 3.35 There are terms of reference and constitutions set up for key partnerships that ensure that partners act lawfully throughout the decision-making process. Key partnerships include the Coventry and Warwickshire Local Enterprise Partnership and Community Safety Partnership. Warwick District Council also works closely with a number of other councils and agencies and operates shared services for Building Control, Business Rates, Corporate Fraud, Information Governance, and Legal Services.
- 3.36 The Council complies with the 2015 Local Government Transparency Code by publishing specific information on the Council's website in prescribed format. The Council strives to publish information on the website that is accessible and understandable for 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 2.1). The Council's website accessibility is independently audited every two years with monthly automated tests carried out by Acquia Optimize (who rate all Local Authority websites according to their compliance with WCAG 2.1).
- 3.37 As a key element of the governance framework, Internal Audit reviews are undertaken regularly on a range of activities including one undertaken annually on an alternating aspect of governance.
- 3.38 The Governance framework for Milverton Homes is set out in the Articles of Association and the Shareholders Agreement. The latter sets out the parameters for decision making and requires the company to prepare and submit for approval an annual Business Plan (including financial strategy), audited accounts, and other performance related information upon request (e.g. risk register). Work is ongoing to ensure that these crucial governance arrangements and deadlines are met. Reserved Matters as detailed in Schedule 2 of the Agreement, may not be carried out without the prior written consent of WDC as Shareholder. The company is only able to carry out business in accordance with its Business Plan which must be approved annually by the Cabinet.
- 3.39 The Council has appointed two Council Directors in accordance with the Articles of Association. It retains the right to appoint any person to be a Council Director and may remove from office any

Council Director. The Council appointed the Chair who has a casting vote if the number of votes for and against a proposal at a meeting of Directors are equal. The Directors must ensure that the Company keeps a record, in writing, for at least ten years from the date of the decision recorded of every unanimous or majority decision taken by the Directors. The Council, as sole shareholder, may by special resolution direct the directors to take, or refrain from taking, specified actions.

- 3.40 A re-emerging issue for the Council is its role in the region and particularly its non-membership of the West Midlands Combined Authority (WMCA). During 2022/23 it only had Observer status whereas all the other authorities in the region are either constituent or non-constituent members. Discussions were ongoing during the year for the Council to become a non-constituent member of the WMCA.

#### **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 Head of Governance) has responsibility for overseeing the implementation and operation of the Council's 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 During the year the Head of Governance & Monitoring Officer, working with the Audit & Risk Manager, commissioned a review of the Council's Code of Corporate Governance as part of the Internal Audit work programme for 2024/25 in recognition that the Code had not been reviewed in detail since April 2018. While this is not considered a significant issue it is considered appropriate to record this as an action for the coming 12 months.
- 4.5 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 Council for approval. 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.
- 4.6 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 2023/24 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 one of the ICT audits that had been carried forward from 2022/23 inevitably qualifies this assurance.
- 4.7 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.

- 4.8 Under regulation 13 of the Local Audit (Appointing Person) Regulations 2015, Grant Thornton was appointed as the Council’s External Auditor with responsibility for reviewing the Council’s Statements of Accounts for five years from 2018/19 to 2022/23. The auditors are still continuing their work on reviewing the 2021/22 Statement of Accounts and are expected to issue a formal opinion on the Council’s arrangements, including those relating to securing value for money, before commencement of the 2022/23 audit, which is due to take place in December 2023. It is expected that they will conclude that the Council had made proper arrangements in all significant respects to secure economy, efficiency, and effectiveness in its use of resources.
- 4.9 In December 2022, under the same set of Regulations, Azets Audit Services Limited were appointed as the Council’s External Auditor for the next set of five years - 2023/24 to 2027/28.
- 4.10 In December 2020, the Council’s Executive approved the formation of a Local Housing Company. The Company – Milverton Homes Ltd. – is a separate legal entity, wholly-owned by the Council, set up to support the Council’s housing development plans and objectives and provide the Council with housing- related commercial opportunities. The Company is ‘Teckal-exempt’ which means that, because it is wholly-owned by the Council and at least 80% of the work is for the Council, the Council can pass work to the Company without exposing it to competitive tender and the Company will be exempt from corporation tax.
- 4.11 The Teckal exemption is, however, subject to certain critical tests – the control test and the functional test. The control test means that the Council must control all the shares in the Company and exercise effective day-to-day control over its affairs; thus the relationship between the authority and the company is the same as the relationship between the authority and its internal services departments. The functional test ensures that the essential activities undertaken by the company are controlled by the Council.
- 4.12 Fortus, the External Auditor of Milverton Homes, is responsible for reviewing the accounts and financial systems of the company. The External Auditor supports the presentation of accounts to the shareholders at the Annual General Meeting (AGM), thus providing assurance to Shareholders. During the year, the Deputy Chief Executive and Monitoring Officer undertook the role of Shareholder Representative in liaison between the company and the Council until his retirement in July 2023. The role was subsequently passed to the Head of Finance.
- 4.13 A review of the governance arrangements in respect of Milverton Homes was undertaken by the Audit and Risk Manager and a report was submitted to Cabinet in July 2023 that comprehensively addressed the review’s findings.
- 4.14 Cabinet agreed to establish a change management programme to ensure that a co-ordinated approach to service development is in place. A programme has now been established, being launched with a manager’s workshop on 22 February 2024.

## **5 Significant Governance Issues**

- 5.1 The following governance issues have been identified and will be responded to through the action plan for this year (Appendix 2) which sets out the actions required as well as the current position:

- 5.1.1 The governance and oversight of property compliance and building safety, as highlighted in the report from Pennington Choices.
- 5.1.2 The need for the reporting of Performance Data to Councillors and SLT on a regular basis.
- 5.1.3 The LGA Corporate Peer Challenge report from July 2023 highlighted (amongst other things) the need to 'Build on the existing processes to further strengthen and ensure transparent and robust governance. Ensure that there is a clear politically led process for identifying and delivering priorities and sufficient capacity and authority to manage the level of risk of the organisation. Review the effectiveness of the Programme Advisory Boards, and replicate good sectoral practice such as establishing formal, regular statutory officer meetings'.
- 5.1.4 The increased requirement for oversight of procurement in preparation for the new procurement regulations (originally due to be implemented in October 2024 but now due to commence in February 2025).
- 5.2 The significant governance issues raised in last year's annual governance statement have all been addressed. This is set out in Appendix 1, below.

## **6 Conclusion**

- 6.1 The governance framework described in this document has been in place at Warwick District Council for the year ended 31 March 2024 and up to the date of approval of the annual statement of accounts.
- 6.2 We confirm our commitment to implementation of actions to address the governance issues identified in this Statement (and summarised in Section 5, above).

### **Signed:**

\_\_\_\_\_  
Councillor Ian Davison  
Leader of the Council

\_\_\_\_\_  
Christopher Elliott  
Chief Executive

### **Dated:.**

## WDC Annual Governance Statement 2022/23: Action Plan for Governance Issues

AGS Ref.	Governance Issue	Responsibility	Progress to Date:	
			Previously-reported Positions	Latest Position
6.1.1	The breadth and volume of the Overview and Scrutiny Committee's workload.	Senior Leadership Team	With support from officers, the Chairman of the Committee has developed a proposal that he will be sharing with the Committee ahead of the meeting (on 5 December 2023). If the Committee supports this draft proposal, it will be developed into a full report for the Committee to consider at its meeting in January 2024.	The Committee has continued to develop its model and approach with detailed reports considered by the Committee. The Chairman of the Committee is pleased with the progress in all areas but will be seeking further training for the Committee to continue with this development and understanding of the Committee's role and responsibilities.
6.1.2	The presentation of Cabinet reports that mitigate effective scrutiny of them.	Senior Leadership Team	As above.	
6.1.3	The range of skills that are required by the Overview and Scrutiny Committee to enable effective scrutiny, particularly in respect of financial expertise.	Senior Leadership Team	As above.	



AGS Ref.	Governance Issue	Responsibility	Progress to Date:	
			Previously-reported Positions	Latest Position
6.1.4	The lack of clarity over the role and operation of Programme Advisory Boards.	Senior Leadership Team	A proposal for revised working parties is set out within the Service Area Plan report to Cabinet on 6 December 2023 and is due to be discussed in more detail by the Leadership Co-ordination group on 4 December 2023.	<p>Programme Boards were established for strategic priorities 1 and 2 (plus part of 3) with support from appropriate officers. The work of the Groups will continue to be monitored as they develop over the coming months, which will continue through discussions by Group Leaders with feedback from Officers.</p> <p>The Cabinet have also sought to establish advisory boards to each of the above Groups which were to be composed of members from each political party.</p>

## WDC Annual Governance Statement 2023/24: Action Plan for Governance Issues

AGS Ref	Governance Issue	Responsibility	Action Required / Current Status
4.4	Review of Code of Corporate Governance	Head of Governance & Audit & Risk Manager	Audit commissioned for early 2025
5.1.1	The governance and oversight of property compliance and building safety, as highlighted in the report from Pennington Choices.	Head of Housing	A detailed action plan is in place, with monitoring of progress being reported to the Governance Board and the Housing Scrutiny Committee (previously the Asset Compliance Committee). Progress against the plan will continue to be monitored.
5.1.2	The need for the reporting of Performance Data to Councillors and SLT on a regular basis.	Head of Governance	Quarterly reports have started for Overview & Scrutiny Committee
5.1.3	The LGA Corporate Peer Challenge report from July 2023 highlighted (amongst other things) the need to 'Build on the existing processes to further strengthen and ensure transparent and robust governance. Ensure that there is a clear politically-led process for identifying and delivering priorities and sufficient capacity and authority to manage the level of risk of the organisation. Review the effectiveness of the Programme Advisory Boards, and replicate good sectoral practice such as establishing formal, regular statutory officer meetings'.	SLT & Cabinet	The new Corporate Strategy has been implemented and a follow-up peer review meeting has been held during 2024.  Progress against the action plan is regularly reported to Cabinet.
5.1.4	The increased requirement for oversight of procurement in preparation for the new procurement regulations (originally due to be implemented in October 2024 but now due to commence in February 2025).	Head of Governance & Head of Finance	Procurement Sub- Group of SLT has been established to support the appropriate procedures and policies coming to Cabinet for consideration.  Increased visibility through the Procurement Champions who have asked officers to consider how to promote this further with reporting to public meetings

