

STATEMENT OF ACCOUNTS 2021-22

DRAFT AT 080324

UNAUDITED

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WELCOME TO THE STATEMENT OF ACCOUNTS

We hope you find these accounts both interesting and informative. Together with the accompanying notes, they explain the Council's services and how your Council Tax was spent during the year.

The Statement reflects the current formats and reporting requirements for the Comprehensive Income and Expenditure Statement (CIES).

The Expenditure and Funding Analysis (EFA) provides an analysis based on how the revenue budget is monitored throughout the year. The EFA explains what adjustments are made to generate the annual statutory accounts from the management accounts prepared during the year.

The net revenue expenditure for all of the Council's services was £5.912m, compared to a revised budget of £17.436m. This resulted in a service underspend of £11.524m. Along with the budgeted contribution to the General Fund Reserve, slippage and other movements such as allocations to and from Earmarked Reserves, this underspend has resulted in an overall General Fund Reserve increase of £1.311m.

A major amount of income of £19.4m was received from general Government Grant and the National Non-Domestic Rate pool, plus £12.20m (inclusive of Parish Precepts) from Council Tax payers. The Council Tax levy at Band D was £149.12 per domestic property per year.

The 2021/22 Capital Expenditure Amended Estimate (inclusive of 2020/21 slippage) was £21.7m. This was comprised mainly of £8.0m for the Materials Recycling Centre, £4.1m for Refuse Waste Vehicles, £3.1m for the Leisure Centre improvements, £2.3m for Section 106/Community Infrastructure Levy projects, £1.5m for Riverside Green Project, £633k for General Infrastructure and £450k on food caddies. Due to circumstances beyond the Council's control, including progress by external bodies or organisations, spending on some major projects had to be deferred until 2022/21. The final 2021/22 capital expenditure undertaken during the year was £7.97m.

At 31 March 2022 the Council held a total of £8.5m in the General Fund Balance with £0.6m in available capital resources. The Council had no outstanding debt.

Councillor David Curtis, Portfolio Holder for Resources
Richard Burrell, Head of Resources and S151 Officer

NARRATIVE REPORT

1. Introduction

This Statement of Accounts presents the financial position of the Council for the year ended 31 March 2022. The Accounts are produced in the format stipulated by the Chartered Institute of Public Finance and Accountancy (CIPFA) in accordance with best accounting practice. This narrative report provides a brief explanation of the financial aspects of the Council's activities and a guide to the significant matters reported in the accounts.

2. An Introduction to Stratford-on-Avon

Stratford-on-Avon is a local government district of southern Warwickshire in England. The District is named 'Stratford-on-Avon' to distinguish it from its main town of Stratford-upon-Avon where the District Council is based. The District covers a large rural area with 109 parishes. The District shares its borders with the districts of Solihull, Warwick, Wychavon, Redditch, Bromsgrove, Cherwell, South Northamptonshire and West Oxfordshire. The District encompasses beautiful countryside and Stratford-upon-Avon is the home of Shakespeare's Birthplace.

In the last Residents Survey undertaken in 2022, our residents told us that the quality of life in the District was good, with 86% of them satisfied with their local area as a place to live.

In 2021 the District had a population of 134,725 residents with the age profile represented below.

Age Structure	Count	%
0 – 9 years	13,189	9.8%
10 – 19 years	13,869	10.3%
20 – 29 years	12,099	9.0%
30 – 39 years	14,828	11.0%
40 – 49 years	16,531	12.3%
50 – 59 years	20,947	15.6%
60 – 69 years	17,602	13.1%
70 – 79 years	16,214	12.0%
80 years and over	9,446	7.0%

Stratford-on-Avon has an older population when compared with the national averages, with 25.2% of residents aged 65 plus, compared to an England average of 18.4%.

Stratford-on-Avon District has the highest median house price in the West Midlands. As at December 2021, the median house price in the District was £340,000. This compares to £280,000 in Warwickshire and England. The number of people employed in the District was 61,400 (March 2022). The claimant count for those out of work was 2.4% (1,870 people) as at March 2022, the England figure is 4.1%.

Narrative Report (cont....)

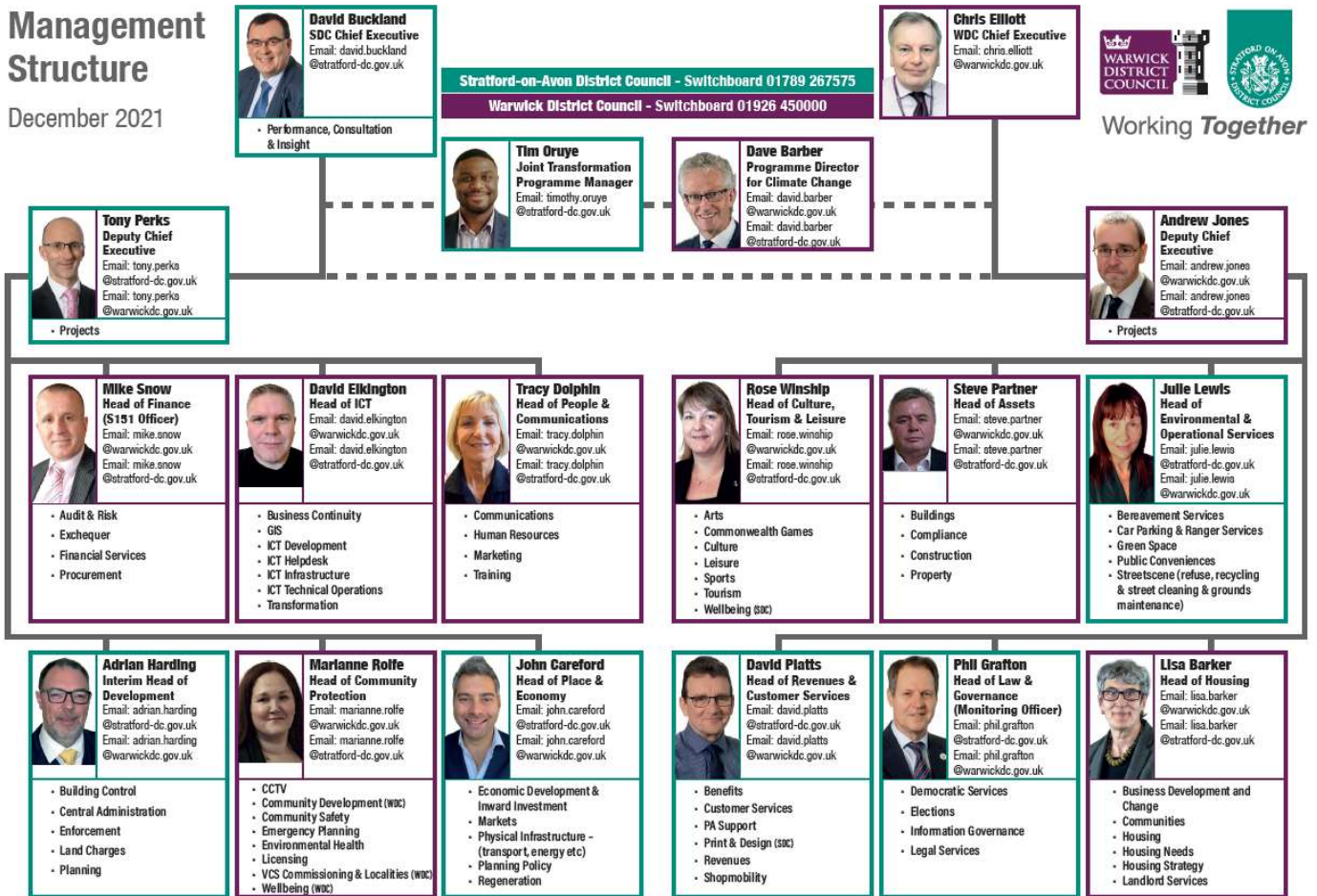
3. About Stratford-on-Avon District Council

Residents of the District are represented by 36 councillors, following the all-out elections in May 2019. The political make up is as follows:

Political Party	Number of Councillors
Conservative Party	20 councillors
Liberal Democrat Party	12 councillors
Green Party	1 councillor
Independent	3 councillors

The Council has a Cabinet structure which is made up of 8 Councillors; Cllr Tony Jefferson was the Leader of the Council for the financial year 2021/22. The Council also has specific committees in relation to Planning, Overview and Scrutiny, Regulatory functions, Audit and Standards, and Employment and Appointments.

A revised Senior Management Structure was implemented in 2021/22 due the merging of Stratford on Avon District Council and Warwick District Council. The Council employs a workforce of approximately 272 staff to manage and deliver services to residents. The revised structure is under the management of a Chief Executives, David Buckland and Chris Elliott, with support from a Deputy Chief Executives, Tony Perks and Andrew Jones. There are twelve Heads of Service, a Programme Director for Climate Change and a Joint Transformation Programme Manager. The management structure for the Council is shown below:



Narrative Report (cont....)

The Council has an adopted Sourcing Strategy which is used to help determine the most appropriate route of providing services to our residents.

The council provides services provides services by joint working, strategic partnerships and via third parties. A summary of the major areas is shown below:

Council Provides

- Housing services including Homelessness function
- Planning, both establishing Policy and Development Management
- Environmental Health, including food inspections and pest control
- Housing Benefits and Council Tax
- Electoral Services
- Customer Services
- Property Services
- Land Charges
- Licensing, including Taxis
- Support Services, including Finance, HR
- Business Rates administration
- Legal Services
- ICT Services
- Internal Audit
- Information Governance
- Payroll Services
- Disabled Facility Grants
- Parking Services

Strategic Partnerships

- Support to the Citizens Advice Bureau
- Voluntary Action Stratford on Avon
- Tourism, Shakespeare's England

Narrative Report (cont....)**Provided by Third Parties**

- Leisure Centres
- Refuse and Recycling services
- Grounds Maintenance, including grass cutting
- Street Cleaning services
- Building Cleaning, including public toilets

4. The 2021/22 Budgeting Process

The 2021/22 budget process was influenced by the continuing need for savings whilst maintaining Council services to residents along with the ongoing uncertainty surrounding the longer-term financial settlement. The net budget of £17,371,080 was approved by the Cabinet and Council in February 2021. The approved budget included an increase in the Council's Council Tax precept of 3.5% (£5.00 for a band D property) and an assumed increase of 0.6% in Council Tax base resulted in an income from Council Tax of £8,490,359.

5. Financial Performance 2021/22

The net revenue budget approved by the Cabinet and Council in February 2021 was increased by £15,000 due to additional funding for procurement and increased by £50,000 due to funding for the Gateway project. The total revised budget for 2021/22 was, therefore, £17,436,080. Actual net expenditure for the year was £5,911,922 and, with transfers to earmarked reserves totalling £10,789,900, leaves a favourable variance of £734,258.

Service	2021/22	2021/22	2021/22	Variance
	Revised Budget	Actual	Transfers	
	£	£	£	£
Chief Executive	587,394	578,005	-	9,389
Deputy Chief Executive	136,734	88,617	50,000	(1,883)
Head of Assets	100,310	83,805	-	16,505
Head of Community Protection	861,274	779,343	42,213	39,718
Head of Culture Tourism Leisure	81,586	132,015	-	(50,429)
Head of Development	2,687,288	(6,557,299)	9,239,971	4,616
Head of Economy and Place	817,991	755,358	69,300	(6,667)
Head of Environment and Operations	3,923,056	3,798,479	-	124,577
Head of Financial Services	1,709,353	1,385,906	500,000	(176,553)
Head of Housing	1,508,864	391,223	888,416	229,225
Head of ICT	1,268,954	1,343,004	-	(74,050)
Head of Law & Governance	1,267,702	1,202,956	-	64,746
Head of People and Communications	264,960	238,187	-	26,773
Head of Revenues and Customer Services	2,220,614	1,692,323	-	528,291
Total	17,436,080	5,911,922	10,789,900	734,258

It should be noted that this table details the Council's final net revenue expenditure analysed by service. This reflects the net amount to be met by local taxpayers. This differs from the Net Cost of Service in the Comprehensive Income and Expenditure Statement because of the exclusion of costs relating to depreciation, revenue expenditure funded from capital under statute and certain pension adjustments.

Narrative Report (cont....)

Note 11 to the Financial Statements, the Expenditure and Funding Analysis, identifies the Net Expenditure above along with the accounting amendments to provide a reconciliation to the Comprehensive Income and Expenditure Statement.

There are numerous variances, all of which were reported in detail to the meeting of The Cabinet on 18th July 2022. The report can be found here – Item 10:

The Council's General Fund unallocated reserves as at 31 March 2022 totalled £8.5m, and earmarked reserves of £54.0m which include £28.6m relating to Covid business rates reliefs due to be paid out in 2022/23. The minimum level of reserves for the Council to maintain as specified by the Council's Chief Finance Officer is £2.5m.

The gross cost of service provision amounts to £66,814,779, and has been analysed by type as shown below:

Expenditure Type	2020/21	2021/22
	£000	£000
Employees	9,040	10,271
Service Costs	8,234	19,972
Third Party Payments	10,175	11,240
Transfer Payments	20,345	17,977
Support Services	5,795	5,266
Capital Charges	3,256	2,089
Gross Cost of Services	56,845	66,815

The Council received gross income of £55,471,991. This is analysed by type as follows:

Income Type	2020/21	2021/22
	£000	£000
Government Grants	(32,895)	(44,152)
Rent Income	(299)	(332)
Sales, Fees & Charges	(3,077)	(5,411)
Other Income	(5,555)	(5,577)
Total Income	(41,826)	(55,472)

The capital budget of £3.5m was approved by the Cabinet and Council in February 2021. This was subsequently revised to £21.7m with the addition of schemes brought forward from the previous financial year and further approvals in year. Capital expenditure for 2021/22 was £8.0m.

There was an under-spend on the revised capital programme in 2021/22 of £13.9m. This underspend was carried forward into 2021/22 in order to complete the approved capital projects. The final capital position, agreed sums to be carried forward to 2021/22 and funding were approved by The Cabinet on 18 July 2022 and can be seen here – Item 9.

Narrative Report (cont....)

Capital Programme	Expenditure £000	Underspend £000
Deputy Chief Executive	646	1,369
Law & Governance (incl Monitoring Officer)	-	61
Joint Head of Assets	618	248
Joint Head of ICT	84	54
Joint Head of Customer Services	-	382
Environmental & Operational Services	6,214	9,714
S.106 & CIL	406	1,865
Total	7,968	13,693

The table below shows how the Council financed its capital expenditure:

Capital Financing	£000
Usable Capital Receipts	5,748
Capital Grants & Contributions	1,794
Revenue Funding	20
S106 Monies	406
Total	7,968

A total of £13.6m has been carried forward in reserves to preserve funding for existing projects in future years. There was one significant new project added to the capital programme. The Council has agreed to necessary planned IT upgrades of firewalls, UPS, servers, mobile phones and network hardware totalling £470,000.

6. Non-Financial Performance 2021/22

The Council approved its Council Plan 2019-2023 at its meeting in October 2019. This Plan identifies the priorities for the Council over these four years and is used to help determine the allocation of resources. To support high level strategy, an annual action plan is also approved. This identified the specific projects to be addressed during the year 2021/22.

For the 32 actions agreed for Year 2 of the Plan, 75% of actions had been achieved. 58% of the Key Performance Indicators have been achieved.

Key achievements during 2021/22 include:

- 1 April 2021 - Garden waste subscription service starts. By June, almost 75% of households across the District had signed up to chargeable garden waste subscription service.
- Contract signed to create a new world-leading Material Recycling Facility (MRF).
- New Restart Grants paid to help businesses reopening after latest lockdown.
- In May 2021, Local elections took place for:
 - Warwickshire County Council
 - Warwickshire Police and Crime Commissioner
 - Planning Referendum – Alcester, Clifford Chambers and Milcote, Ilmington, Napton-on-the-hill
- Stratford and Warwick District Councils began work to produce a new South Warwickshire Local Plan to cover the combined geographic area.
- Local organisations received grants to support young people's mental wellbeing.
- Stratford and Warwick District Councils chosen by Government to test use of digital tools in planning process.

Narrative Report (cont....)

- Work continued on 'pioneering Housing Plus' Fred Winter Centre in Stratford-upon-Avon.
- In June 2021, the District Council submitted a bid with the Shakespeare Birthplace Trust to the Government's Levelling-up Fund.
- District Council reaffirmed commitment to tackling climate change by working together with Warwick District Council to address the declared climate emergency for South Warwickshire.
- District Council approved new Active Communities Strategy Delivery Plan for the next three years.
- New cycle training track opened on Stratford Recreation Ground.
- District Council and SLM Ltd signed a new 10-year Leisure Management Contract.
- In August 2021, recycling collections started again, following the devastating fire at the Pure Recycling facility in Ettington – with alternative disposal arrangements for dry recyclable materials in place.
- District Council received West Midlands Combined Authority's (WMCA) Thrive at Work Wellbeing Award.
- E-Cargo Bike grant funding success for SDC.
- District Council secured funding from Local Authority Delivery (LAD) Scheme to help improve the energy efficiency of low-income households.
- Stratford and Warwick District Councils welcomed 50 families from Afghanistan.
- In September 2021, a public consultation began on the proposal to create a South Warwickshire Council.
- The Cabinet approved support for the new Domestic Abuse Act 2021.
- £61,000 of CIL developer contributions allocated to three projects across the District.
- District Council awarded £10,000 to Refuge to support the domestic abuse outreach service.
- District Council awarded £1.2 million from The Additional Restrictions Grant (ARG) scheme, to support businesses that were not covered by other grant schemes.
- District Council publishes Annual Review: Affordable Housing Development Programme – which sees the second highest total of 386 new affordable homes built. Bringing the total number of affordable homes built across the District over the last 10 years to 2,709.
- Stratford and Warwick District Councils agreed joint waste contract with Biffa Waste Services Ltd.
- In October 2021, Stratford District Council hosted a Recruitment Fair, in conjunction with the return of the Mop Fair.
- District Council adopted new Housing Strategy for the District.
- SDC Councillors took part in a woodland educational and tree planting day with The Heart of England Forest.
- Everyone Active introduced a new role to boost health and wellbeing across the District.
- In December 2021, Stratford's award-winning Victorian Market returned.
- At the end of the year, Stratford and Warwick District Councils agreed to formally submit a request to the Secretary of State at the Department for Levelling Up, Housing and Communities (DLUHC) to create a South Warwickshire District Council.
- In January 2022, the District Council received £2.7m from Government for the Omicron Hospitality and Leisure Grant scheme.
- Work started on The Riverside Project.
- A multi-agency community safety event was held at Meon Vale.

Narrative Report (cont....)

- Stratford and Warwick District Councils worked with local charity Act On Energy to promote the grants, advice and support available to residents in South Warwickshire impacted by the energy price rises.
- Stratford and Warwick District Councils stepped in to support Homes for Ukraine scheme.

7. Council Plan

Our Council Plan provides the vision for the Council and sets its main objectives for the next four years. It is set by the Council as community leaders working in partnership with a number of organisations. It comprises of an overall vision for Stratford-on-Avon as a place, a vision for the Council by 2030 and the identification of six specific priorities:

Priority 1 - Working on regional, national and international stages

We will promote Stratford-on-Avon externally and use our relationships and reputation to help deliver our vision for 2030 and our ambitions for 2023.

Priority 2 - Enhancing the quality of Stratford-on-Avon as a place

We will use our roles and powers, an ever-closer relationship with Warwickshire County Council and effective collaboration with other partners to enable us to ensure that Stratford-on-Avon is an excellent place to live, work, learn, visit and invest.

Priority 3 – Nurturing a thriving, innovative and inclusive economy

We will work with the Warwickshire Local Enterprise Partnership, West Midlands Combined Authority and Midlands Engine to support our local economy.

Priority 4 – Responding to the Climate Change Emergency

We will do all we can locally to contribute to national carbon reduction targets, fulfil our aim to becoming a carbon-neutral District by 2030 and support measures to adapt to the impact of climate change.

Priority 5 – Putting residents and communities centre stage

We will listen to and engage with residents and communities, use what we hear to shape what we do, and communicate the results.

Priority 6 – In order to deliver this, we will become a more agile and resilient council.

The Corporate Plan is being used as the primary tool for the allocation of resources to meet these key objectives.

8. Future Outlook and Risk Review

The Covid-19 pandemic has had a significant impact upon the Council, in terms of the services it provides, how those services are provided, and for the Council's finances. Throughout these Statements of Accounts there is reference to how both income and expenditure have been affected.

As a district council, the Council's income streams have been severely impacted, notably in respect of services such as car parking and leisure centres. Alongside this, the Council has incurred more expenditure on services, including homelessness, housing benefits and council tax support.

Throughout the pandemic, the Government has announced a variety of funding streams to help local communities and councils. Much of this funding has been ring-fenced for specific expenditure. However, the Council has also received some non-ring fenced funding to use in line with Council priorities and to make up for income shortfalls.

Narrative Report (cont....)

The Council was in a strong financial position at the end of 2021/22. The specified minimum level of financial reserve, as determined by the Council's Chief Finance Officer, is £2.5m. The level of the General Fund Balance to be carried into 2022/23 is £8.53m, significantly above the specified minimum allowing the Council to respond to challenges which lie ahead. In addition, the Council holds earmarked revenue reserves of £53.97xm.

The Government's Spending Review of resources remains a significant threat to the Council's funding into the medium term. The financial settlement for 21/22 was another one year settlement. The result of the reviews of spending and business rates could have a significant impact on the Council. However, the Council is becoming more self-financing through Council Tax and Business Rate income.

The Council's Medium Term Financial Plan (MTFP) covering a five year period was approved by Council in February 2022, and the outturn for 2021/22 approved by Cabinet in July 2022.

Reserves Statement	2022/23 £'000	2023/24 £'000	2024/25 £'000	2026/26 £'000	2026/27 £'000
Reserves as at 1 April	9382	8898	4674	2799	2610
Contribution to / (from) Reserves	-484	-4224	-1875	-189	-59
Reserves as at 31 March	8898	4674	2799	2610	2551

From this it is clear that the Council currently has sufficient resources until the end of March 2027. Action must be taken now to develop a budget to reduce costs and increase income to extend that timeframe. Clearly the future of Government support to the Council is key to that process. Further information should be known surrounding the future level of Government funding later this year. The Council will use this information when considering the future version of the Medium Term Financial Plan.

In addition to the Core Funding, the Council has concerns surrounding the future funding received through New Homes Bonus, a scheme whereby Government provides an incentive to encourage development. Significant reductions have been allowed within the Medium Term Financial Plan due to uncertainties on the long term future of this income stream. The Council received over £4.3m of New Homes Bonus in 2021/22, with this reducing to £3.8m in 2022/23 and £1.9m expected for 2023/24.

The Medium Term Financial Plans of the Council include a level of planned savings. These savings need to be achieved if the Council is not to seek alternative savings without services being impacted.

In order to address the challenges of reduced funding, the Council has put in place measures to review its budget and MTFP to ensure that the Council can maintain essential services and take a major part in the recovery from the pandemic. The Council maintains a robust budgeting framework which is open to scrutiny by the public, by elected members and by the business community. Assumptions are made within this process and these are published annually alongside the budget proposals.

The Council has demonstrated that it is effective in its "Value for Money" over a number of years. The position for the Council is reviewed by the Council's appointed external Auditors each year, who make a determination as to whether the Council has "proper arrangements" in place to secure economy, efficiency and effectiveness as part of the Value for Money Assessment. The latest review, based on 2019/20, undertaken and reported to the Audit and Standards Committee in March 2021, indicated that the review *"did not identify any weaknesses in the Council's arrangements"* and that there were *no matters to report*. An assessment will take place in 2023/24, during the audit of the 2021/22 accounts.

Governance Arrangements:

From May 2021 formal meetings reverted to being held in person in line with Regulations following the temporary change of Regulations that were in place from May 2020 to accommodate the Coronavirus Act 2020.

Narrative Report (cont....)

The Council maintains a Risk Register which is regularly reviewed by the Management Team.

9. Summary Position

The Council continued to face significant challenges and change during 2021/2 following the period of upheaval in 2020/21 caused by the Covid-19 pandemic and has continued to maintain financial stability and a high level of service performance. The Council is determined to remain well placed through its Business Plan and Five-Year Plan to meet the challenge of recovery.

10. Further Information

Further information about the accounts is available from:

Head of Resources & S151 Officer,
Stratford-on-Avon District Council,
Elizabeth House,
Church Street,
Stratford-upon-Avon,
Warwickshire,
CV37 6HX.

E-mail: richard.burrell@stratford-dc.gov.uk

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Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:

- i) make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Head of Resources and S151 Officer (the Authority's Chief Financial Officer);
- ii) manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- iii) approve the Statement of Accounts.

The Head of Resources and S151 Officer's Responsibilities

The Head of Resources and S151 Officer is responsible for the preparation of the Authority's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the code').

In preparing this statement of accounts, the Head of Resources and S151 Officer has:

- i) selected suitable accounting policies and then applied them consistently;
- ii) made judgements and estimates that were reasonable and prudent;
- iii) complied with the local authority Code.

The Head of Resources and S151 Officer has also:

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

I certify that the Statement of Accounts from Page 14 to 90 as presented give a true and fair view of the financial position of Stratford-on-Avon District Council as at 31 March 2022 and its income and expenditure for the year ended 31 March 2022.

Signature:

Date 8 March 2024

Head of Resources and S151 Officer

Financial Statements

Movement in Reserves Statement

This Statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e.: those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting. The 'net increase/(decrease) before transfers to the Earmarked Reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from Earmarked Reserves undertaken by the Council.

Movement in Reserves Statement 2021/2022	Capital Grants						
	General Fund Balance	Earmarked Reserves	Usable Capital Receipts Reserve	Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	(Note 31) £000's	(Note 10) £000's	(Note 31) £000's	(Note 31) £000's	£000's	(Note 32) £000's	£000's
Balance at 1 April 2021	7,217	42,208	5,596	1,614	56,635	22,880	79,515
Surplus/(Deficit) on provision of services	18,293	0	(5,678)	0	12,615	25,337	37,952
Other Comprehensive Expenditure and Income (see item (a) on face of CI and E)	0	0	0	0	0	0	0
Total Comprehensive Expenditure and Income	18,293	0	(5,678)	0	12,615	25,337	37,952
Adjustments between accounting basis and funding basis under regulations (note 9)	(5,223)	0	708	1,367	(3,148)	3,148	0
Net Increase/(Decrease) before transfers to Earmarked Reserves	13,070	0	(4,970)	1,367	9,467	28,485	37,952
Transfers (to)/from Earmarked Reserves (note 10)	(11,759)	11,759	0	0	0	0	0
Increase/(Decrease) in year	1,311	11,759	(4,970)	1,367	9,467	28,485	37,952
Balance at 31 March 2022	8,529	53,967	625	2,981	66,102	51,365	117,467

Financial Statements

Movement in Reserves Statement

Movement in Reserves Statement 2020/2021	General Fund Balance (Note 31)	Earmarked Reserves (Note 10)	Usable Capital Receipts Reserve (Note 31)	Capital Grants Unapplied Account (Note 31)	Total Usable Reserves	Unusable Reserves (Note 32)	Total Authority Reserves
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Balance at 1 April 2020	8,869	5,788	6,399	1,036	22,092	37,860	59,952
Surplus/(Deficit) on provision of services Other Comprehensive Expenditure and Income (see item (a) on face of CI and E)	18,745	0	0	0	18,745	0	18,745
	0	0	(1,563)	0	(1,563)	2,381	818
Total Comprehensive Expenditure and Income	18,745	0	(1,563)	0	17,182	2,381	19,563
Adjustments between accounting basis and funding basis under regulations (note 9)	16,022	0	761	578	17,361	(17,361)	0
Net Increase/(Decrease) before transfers to Earmarked Reserves	34,767	0	(802)	578	34,543	(14,980)	19,563
Transfers (to)/from Earmarked Reserves (note 10)	(36,420)	36,420	0	0	0	0	0
Increase/(Decrease) in year	(1,653)	36,420	(802)	578	34,543	(14,980)	19,563
Balance at 31 March 2021	7,217	42,208	5,596	1,614	56,635	22,880	79,515

Financial Statements

Comprehensive Income and Expenditure Statement

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

2020/21	2020/21	2020/21		2021/22	2021/22	2021/22
Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's		Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's
934	(96)	837	Chief Executive	813	(11)	802
162	(0)	162	Deputy Chief Executive	319	(199)	121
0	0	0	Director of Climate Change	116	(116)	0
833	(32)	802	Head of Assets	532	(173)	359
2,271	(668)	1,603	Head of Community Protection	2,544	(638)	1,906
169	(39)	131	Head of Culture Tourism Leisure	310	(110)	200
11,412	(12,748)	(1,336)	Head of Development	22,101	(27,104)	(5,004)
1,692	(1,091)	601	Head of Economy and Place	1,561	(189)	1,372
10,161	(1,575)	8,586	Head of Environment and Operations	10,203	(3,530)	6,673
1,197	(38)	1,159	Head of Financial Services	1,273	(335)	938
3,803	(4,562)	(759)	Head of Housing	5,132	(4,021)	1,111
1,197	(49)	1,148	Head of Law and Governance	1,132	(35)	1,097
32	(6)	26	Head of People and Communications	68	(6)	62
22,982	(20,922)	2,060	Head of Revenues and Customer Services	20,711	(19,005)	1,706
56,845	(41,826)	15,018	* Cost of Services (see below)	66,815	(55,472)	11,343
3,535	(761)	2,774	Other Operating Income and Expenditure (note 6)			3,491
3,411	(2,518)	893	Financing and Investment Income and Expenditure (note 7)			(348)
		<u>(37,430)</u>	Taxation and Non-Specific Grant Income (note 8)			<u>(32,779)</u>
		(18,745)	(Surplus)/Deficit on Provision of Services			(18,293)

**Continues on next page

2020/21 Gross Expenditure £000's	2020/21 Gross Income £000's	2020/21 Net Expenditure £000's		2021/22 Gross Expenditure £000's	2021/22 Gross Income £000's	2021/22 Net Expenditure £000's
** Continued from previous page						
		(18,745)	(Surplus)/Deficit on Provision of Services (as detailed above)			(18,293)
		(12,669)	(Surplus)/Deficit on revaluation of Property, Plant and Equipment Assets (a) (note 32b)			(3,889)
		405	Impairment losses on non-current assets charged to the Revaluation Reserve (a) (note 32b)			24
		<u>11,447</u>	Remeasurement of the net defined benefit liability(asset)(a) (note 17)			<u>(15,793)</u>
		(817)	Other Comprehensive Income and Expenditure			(19,658)
		(19,562)	Total Comprehensive Income and Expenditure Account			(37,951)

* Following a reorganisation of the management structure within the authority the presentation of the 2020/21 gross income and expenditure has been revised to reflect this. The original presentation of the 2020/21 Cost of Services can be seen in the following table:

2020/21 Gross Expenditure £000's	2020/21 Gross Income £000's	2020/21 Net Expenditure £000's	Previous Structure as reported in 2020/21 Statement of Accounts
966	(102)	864	Chief Executive
2,456	(1,393)	1,063	Deputy Chief Executive
11,302	(1,959)	9,343	Head of Community & Operational Services
22,905	(20,921)	1,984	Head of Customer Services
1,653	(243)	1,410	Head of Law and Governance
15,532	(17,138)	(1,606)	Head of Regulatory Services
2,030	(70)	1,960	Head of Resources and Transformation
56,844	(41,826)	15,018	Cost of Services

Financial Statements

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, 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 (for example the capital receipts reserve may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes those that hold unrealised gains and losses (for example the revaluation reserve), where amounts would 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'.

31 March 2021		31 March 2022
£000's		£000's
70,986	Property, Plant and Equipment (note 19)	74,057
11,275	Investment Properties (note 22)	11,428
3,674	Heritage Assets (note 21)	3,674
668	Intangible Assets (note 24)	635
1,399	Long Term Debtors (note 25)	7,292
88,002	Long Term Assets	97,086
34,290	Investments (note 27 & 38)	48,993
97	Inventories	80
21,628	Short Term Debtors (note 28)	25,108
14,943	Cash and Cash Equivalents (note 38)	19,760
70,958	Current Assets	93,941
(11,041)	Short Term Creditors (note 29)	(15,434)
(4,474)	Provisions (note 30)	(3,815)
(5,793)	Accruals (note 40)	(5,520)
(21,308)	Current Liabilities	(24,769)
(4,559)	Capital Grants Receipts in Advance (note 33)	(7,627)
(505)	Long Term Creditors	(735)
(53,073)	Pensions (note 17)	(40,427)
(58,137)	Long Term Liabilities	(48,790)
79,515	Net Assets	117,468
(56,635)	Usable Reserves (note 31)	(65,769)
(22,880)	Unusable Reserves (note 32)	(51,659)
(79,515)	Total Reserves	(117,428)

The notes on pages 20 to 87 form part of the financial statements.

Date: 08 March 2024

Head of Resources and S151 Officer

Financial Statements

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 to the Authority.

31 March 2021		31 March 2022
£000's		£000's
(18,745)	Net(surplus)/deficit for the year (note 34)	(18,293)
1,059	Adjustments to net surplus or deficit on the provision of services for non-cash movements (note 34)	(4,194)
2,075	Adjustments for items included in the net surplus or deficit on the provision of services that are investing financing activities (note 34)	4,308
(15,611)	Net cash flows from Operating Activities (note 34)	(18,179)
(154)	Investing Activities (note 36)	491
1,581	Financing Activities(note 37)	(1,831)
(14,184)	Net (increase)/decrease in cash and cash equivalents	(19,519)
(35,049)	Cash and cash equivalents at the beginning of the reporting period	(49,233)
(49,233)	Cash and cash equivalents at the end of the reporting period (note 38)	(68,752)

Notes to the Accounts

1. Accounting Policies

i. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2021/22 financial year and its position at the year end of 31 March 2022. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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 instrument. The principal accounting policies have been applied consistently throughout the year.

ii. Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- 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 instruments rather than cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii. Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

iv. Prior Period Adjustments, Changes in Accounting Policies 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 been applied.

Notes to the Accounts (cont....)

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

v. Government Grants and Contributions

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

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

vi. Overheads and Support Services

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

vii. Property, Plant and Equipment

These are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

Recognition

Expenditure on the acquisition, creation or enhancement of these assets is capitalised on an accruals basis, provided that it yields benefits to the Council and the services it provides for more than one financial year. Expenditure that does not fall under this remit on assets, such as repair and maintenance, is charged to revenue as it is incurred.

Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the Balance Sheet using the following measurement basis:

- infrastructure, vehicles, plant and equipment, community assets and assets under construction – depreciated historical cost;
- all other assets – fair value, the amount that would be paid for the asset in its existing use. The valuation is on the basis of existing use value (EUV) and where it is significantly different Market Value (MV) is used. All of the assets which were valued in March 2022 were valued on the basis of Fair Value (EUV) as MV was not seen to be significantly higher.

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

Notes to the Accounts (cont....)

Assets included in the Balance Sheet at current value are revalued where there have been material changes in value, but at least every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service revenue account.

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

Component Accounting

The 2010/11 Accounting Code of Practice introduced the following requirement that an authority shall account for depreciation of significant components of an asset.

The Council's level of materiality has been set at £500,000. This will result in depreciation being charged for each individual item of capital expenditure with a value of £500,000 or more. The depreciation period will be dependent upon the estimated useful life of individual components, agreed by the Council as follows:-

- Walls, floors and ceilings
- Windows and doors
- Roofs
- Mechanical, electrical, plumbing and drainage.

The Council re-values its assets on a five year rolling basis. At valuation, each land and building asset within that tranche will be assessed for component depreciation and if there is a material increase in depreciation compared with depreciation charged on the whole asset, that asset will be accounted for and depreciated based on its separate components.

Impairment

Assets are assessed at each year-end as to whether there is 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.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line 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.

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 and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

Notes to the Accounts (cont....)

classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not classified as Assets Held for Sale.

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 also as part of the gain or loss on disposal (netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts in excess of £10,000 received from disposals are credited to the Usable Capital Receipts reserve and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow. Receipts are appropriated through the Movement in Reserves Statement by adjustments between accounting basis and funding basis under regulations.

The written-off value of disposals is not a charge against council tax, as the cost of 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.

Depreciation

The depreciation charge is based on the depreciable amount allocated over the useful life of the asset, using a depreciation method that reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed. Straight line depreciation is provided for on all assets with a determinable finite life, by allocating the value of the assets in the balance sheet over the periods expected to benefit from their use.

Depreciation is calculated on the following basis (see depreciation note on Note 19):-

- other buildings – straight line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant and equipment – straight line allocation over the useful life of the asset as advised by a suitably qualified officer
- infrastructure assets - straight line allocation over the useful life of the asset as advised by a suitably qualified officer
- community assets - straight line allocation over the useful life of the asset as advised by a suitably qualified officer

An exception is made for assets without a 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) where depreciation will be charged in the year of disposal.

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

viii. Investment Properties

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Notes to the Accounts (cont....)

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

ix. Charges to Revenue for Non-current Assets

Services, support services and trading accounts are debited with the following amounts to record the real 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 they can be written off;
- amortisation of intangible assets attributable to the service.

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisation.

x. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

Intangible assets' costs are IT software and training and are included in the balance sheet at cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Income and Expenditure line in the Comprehensive Income and Expenditure Statement. There have been no impairments in 2020/21.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted 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.

xi. Revenue Expenditure Funded from Capital under Statute

Revenue expenditure funded from capital under statute are payments classified as capital but do not result in the creation of an asset. These have been charged to the relevant service revenue account in the year. Where the council has determined to meet the cost of this expenditure from existing capital resources, a transfer to the Capital Adjustment Account then reverses out the amounts charged through the Movement in Reserves Statement by adjustments between accounting basis and funding basis under regulations so there is no impact on the level of council tax.

Notes to the Accounts (cont....)**xii. Financial Instruments****Financial Liabilities**

Financial liabilities 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 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 (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest 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.

Financial Assets

Financial assets are shown 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 or 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 classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (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 (CIES) 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.

Where the authority has made loans to voluntary organisations at less than market rates (soft loans) a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains and losses that arise on 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 of 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.

Notes to the Accounts (cont....)

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-month expected losses.

Financial Assets Measured at Fair Value through Profit of 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 prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

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

xiii. Reserves

The Authority 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 in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the notes to the accounts (note 32).

xiv. Provisions and Contingencies

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

Notes to the Accounts (cont....)

When some or all of the payment required to settle a provision is expected to be recovered from another party, such as an insurance claim, this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

Contingent liabilities arise where an event has taken place that gives the authority 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 Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligations cannot be measured reliably.

xv. The Local Government Pension Scheme

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

- The liabilities of the Warwickshire County Council pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, based on the indicative rate of return on high quality corporate bond, the iBoxx Sterling Corporates AA over 15 Years Index.
- The assets of the Warwickshire County Council pension fund attributable to the Authority are included in the Balance Sheet at their fair value based on information provided by the Administering Authority and allowing for index returns where necessary and an analysis of which can be found on Note 17.

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

1. 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
2. past service cost – the increase in liabilities arising from current year decisions 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 as part of Non Distributed Costs
3. interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
4. expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
5. gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Cost
6. actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve
7. contributions paid to the Warwickshire County Council 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 the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and 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

Notes to the Accounts (cont....)

Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

xvi. Events After the Reporting Period

Any material post balance sheet events, which provide additional evidence relating to conditions existing at the balance sheet date or indicate that application of the going concern concept is not appropriate, have been included in the accounts. Any material post balance sheet events that concern conditions that did not exist at the balance sheet date have been disclosed as a separate note to the accounts.

xvii. VAT

Value Added Tax is included within the accounts only to the extent that it is irrecoverable and therefore charged to service expenditure or capital expenditure as appropriate. VAT receivable is excluded from income.

xviii. Leases

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

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

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

Finance Leases**The Authority as Lessor**

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, 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. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to [the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

Notes to the Accounts (cont....)

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

Operating Leases

The Authority as Lessee

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the term of the lease even if this does not match the pattern of payments. There is often a rent-free period at the commencement of the lease.

The Authority as Lessor

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the 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, even if this does not match the pattern of payments (there is a premium paid at the commencement of the lease). 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.

xix. Cash and Cash Equivalents

Cash is represented by cash in hand and current account bank balances. Cash equivalents are the authority's investments with financial institutions which are repayable on demand or within 24 hours.

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.

xx. Heritage Assets

The Council's Heritage Assets comprise 3 statues and a pavilion situated in the Town of Stratford-upon-Avon. They are detailed as follows:-

- The Gower Memorial – a stone memorial to Shakespeare which has bronze characters including Lady Macbeth, Prince Hal and Hamlet situated around it;
- Hermaphroditus (Narcissus) Statue – a bronze statue situated on the Bancroft; and
- The Jester - a bronze statue situated on a Hornton stone and green Westmorland Slate plinth base and applied plaques
- The Peony Pavilion – architectural structure constructed in hardwood with a tiled roof on base of brick faced with slate and granite situated in the Firs Garden.

These items are reported in the Balance Sheet at a replace and replicate valuation, used for insurance purposes and are updated regularly. The Statues are deemed to have indeterminate lives and a high residual value; hence the Authority does not consider it appropriate to charge depreciation.

The Council also holds some small items of civic regalia such as water colours, Japanese gifts and a small statue of Shakespeare that are not considered material enough to include on the Balance Sheet. Such items will however be kept under review.

The carrying amounts of heritage assets are reviewed every six years. In addition where there is evidence of impairment for a heritage asset, where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity, the asset is reviewed. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment – see note vii in this summary of significant accounting policies. The Authority's will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Authority's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to

Notes to the Accounts (cont....)

capital expenditure and capital receipts (again see notes xii and vii in this summary of significant accounting policies).

xxi. Employee Benefits**Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination 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.

Benefits Payable During Employment

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

xxii. Going Concern Basis

The Code of Practice on Local Authority Accounting issued by CIPFA requires that the Statement of Accounts is prepared on a going concern basis for the period of 12 months from the issue of the financial statements.

Throughout 2021/22 the continued financial impact of the Covid-19 pandemic on the Council was assessed as part of the Budget Monitoring which is regularly reported to Cabinet. The Council continued to assess the ongoing impact of the recovery from the Pandemic on the current and future financial position and is satisfied there is no material uncertainty relating to going concern.

As part of the 2021/22 Budget agreed in February 2021, £2.5m was set aside by way of an ear marked reserve for potential income losses or increased costs relating to the pandemic. During 2021/22 this was increased to £11.4m at 31 March 2022, some of which related to Government grant schemes which have been subsequently returned.

Notes to the Accounts (cont....)

Medium Term Financial Strategy

The financial projections for the next 5 years were presented to Council in February 2022 as part of the 2021/22 Budget Setting and Council Tax report and were subsequently revisited for 2022/23 budget setting. These did show that the Council has many financial uncertainties, the largest being:-

- Reduction of annual payment of New Homes Bonus and the discontinuation of legacy payments element
- The Government Fair Funding Review and the impact this will have on the future level of business rates income that the Council gets to retain.

As with many local authorities, the Council's overall projections did show a shortfall of income against expenditure in future years. Whilst the Council does have some reserves (primarily within the General Fund Reserve, balance as at 31 March 2022 £8.5m). The numbers reported reflect the balances for the period 2021/22.

A savings plan was agreed with members for savings to be made over the next 5 years. On the basis of these savings being achieved, the Council would still be able to maintain the General Fund Reserve above the minimum recommended level of £2.5m.

The savings plan is being monitored and reported to members (see [here](#) – item 7). The largest element of the savings related to the joint working with Warwick District Council, although the proposed merger did not proceed we still intend to work efficiently with some joint working with WDC. A report was commissioned by both authorities to assess the potential savings from joint working and a potential merger. The savings included within the Medium Term Financial Strategy are deemed prudent compared to the potential savings suggested in that report (see [here](#) - Item 4 Appendix 1).

Financial performance is monitored on a monthly basis including detailed income forecasting for the financial year. The council reports financial performance to The Cabinet every two months.

The Council has undertaken an assessment of the impact on 2022/23, considering liquidity, general fund balances and reserves. The Fair Funding Review is expected to again be postponed, with uncertainty over whether the Funding Settlement for 2022/23 will be for one or more years. Prudent assumptions remain over the Council's income from Business Rate Retention and Government funding. With the Council having strong financial reserves, it will have enough funding and liquidity for the period of the Medium Term Financial Strategy. The modelling undertaken has used a worst-case scenario as well as a most reasonable estimate which show that collection rates for income, Council Tax and Business Rates would have to decrease significantly below the worst case scenarios to cause liquidity or going concern issues.

2. Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

Standards that have been issued but not yet adopted, which may require disclosure in 2022/23 accounts, are anticipated to be listed in Appendix C of the 2022/23 Code when it is published. In the interim potentially relevant standards include:-

IFRS 16: Leases – adoption of this standard has had a further deferral, for local authorities only, to the 2024/25 financial year (implementation date 1 April 2024).

The Council considers that this will not have a material impact on the financial statements.

3. Critical Judgements in Applying Accounting Policies

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

There is a high degree of uncertainty about the future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an

Notes to the Accounts (cont....)

- indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Council re-values its property assets regularly and assesses each year whether there could have been a material impact on an asset's value. When there is a potential material impact the assets are revalued. All revaluations are undertaken by a RICS qualified valuer with specialist advice as appropriate. An impairment review is undertaken annually. When assets are revalued their useful lives are reassessed.

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

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

The Council undertakes valuations of its property assets in line with the CIPFA Code of Practice on a rolling programme basis according to asset category. Land and Buildings and Investment Properties are re-valued at a minimum of every 5 years but more frequently if market conditions dictate or material changes occur to a particular asset. Otherwise an impairment review is undertaken annually. A full valuation exercise was carried out as at 31 March 2021.

In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), the valuers have confirmed that their valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

Assets valued by DRC: where the valuation method is Depreciated Replacement Cost (DRC) using BCIS Tender Price Index. Build costs are influenced by various economic factors, such as availability of labour, materials, Covid compliance and competition. The recent economic upheaval has affected BCIS inputs but it is too early to say what the full effect might be or how long this might last. Assets valued in this way include Leisure Centres and Public Conveniences. These types of asset make up 37% of the Council's asset base.

Car Parks: where the valuation method is the net income/profit method, the practical effects of lockdown and slow return to High Streets did reduce the income received from car parks in 2020-21 but the valuation of the car parks are based on a 3 year average income so valuations have not been negatively impacted compared to 2019/20. It is not possible at this stage to assess to what extent or what the longer-term trend may be on valuations going forward. Car Parks represent 26% of the Council's total asset base.

Investment Properties: These properties are let to a variety of businesses across several different economic sectors. The risk of business failure for these tenants is therefore well spread and the potential impact to the Council reduced. These represent 13% of the Council's total asset base.

Asset types which our valuers have determined have valuations which have not been affected by Covid-19 are:

Heritage Assets: Valued based on sums insured and representing 4% of the Council's total asset base.

The following categories of asset are accounted for at historic cost and are not therefore re-valued:

- Infrastructure Assets
- Vehicles, Plant and Equipment
- Intangible Assets
- Community Assets

Notes to the Accounts (cont....)

The types of asset listed above cumulatively represent 7% of the Council's total asset base.

All valuations are dated 31 March 2022 but for practical purposes the valuation exercise is started in December each year. Any changes to valuations are reflected as necessary between December and March.

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

Uncertainties	Effect if Actual Results Differ from Assumptions
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 authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by £209k for every year useful lives had to be reduced.
The Authority has made provision of £3.82m for various claims, the details of which can be found in note 30 on page 78. Included in the total provision of £3.82m is a sum of £3.81m which is set aside for NNDR Appeals. This provision has been ongoing for a number of years and relates to the current list of live appeals lodged with the Valuation Office as well as for appeals estimated from the 2017 list.	An increase over the forthcoming year of 10% in settlements would add £382k to the provision needed.
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. A firm of consulting actuaries is engaged to provide the authority with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes to individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £2.632m. However, the assumptions interact in complex ways. During 2021/22, the Authority's actuaries advised that the change in financial assumptions had decreased the liability by £41.29m. Overall the net liability has changed by £12.64m during the year.
At 31 March 2022, the Authority had a balance of debtors for £26.84m (note 28, page 77). A review of the significant balances suggested that an impairment of doubtful debts of £1.81m was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £1.81m set aside as an allowance.

Notes to the Accounts (cont....)**5. Events after the Reporting Period**

The financial statements were authorised for issue by the Head of Resources and S151 Officer to the Authority on the 8 March 2024. All events relevant to the financial year ended 31 March 2022 have been taken into consideration up to this date and where considered material recognised in the statement of accounts. There can be no reasonable expectation that events could have been taken into account by the Authority after this date.

6. Other Operating Income and Expenditure

	2020/21	2021/22
	£000's	£000's
Parish Council precepts	3,535	3,710
Right to Buy Clawback and other windfall capital receipts	(761)	(708)
(Gains)/Losses on the disposal of non-current assets	0	373
Total	<u>2,774</u>	<u>3,375</u>

7. Financing and Investment Income and Expenditure

	2020/21	2021/22
	£000's	£000's
Interest receivable and similar income	(423)	(129)
Pension interest cost and expected return on pension assets	929	1,081
Income and expenditure in relation to investment properties and changes in their fair value	(525)	(595)
Impairment of capital loan	0	116
Trading Operations - Expenditure	2,445	2,615
Trading Operations - Income	(1,533)	(3,320)
Total	<u>893</u>	<u>(232)</u>

8. Taxation and Non-Specific Grant Income

	2020/21	2021/22
	£000's	£000's
Council Tax Income	(11,644)	(12,263)
Contribution from National Non-Domestic Pool	(18,995)	(14,333)
General Government Grants:-		
New Homes Bonus	(5,328)	(4,290)
Other Government Grants	(960)	(792)
Grants transferred (to)/from ear marked reserves	(258)	2,258
Capital Grants and Contributions (note 33)	0	(1,794)
Community Infrastructure Levy	(245)	(1,565)
Total	<u>(37,430)</u>	<u>(32,779)</u>

Notes to the Accounts (cont....)

9. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

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

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied Account

The Capital Grants Unapplied Account holds the grants and contributions received towards capital projects for 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.

Notes to the Accounts (cont....)

2021/22

	Usable Reserves			Movement in Unusable Reserves
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	
	£000's	£000's	£000's	£000's
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES):-				
Charges for depreciation and impairment of non-current assets (items marked (*) in note 19)	(1,689)	0	0	1,689
Amortisation of intangible assets	(210)	0	0	210
Revenue expenditure funded from capital under statute	(481)	0	0	481
Capital grants and contributions applied	1,900	0	0	(1,900)
Movements in the market value of Investment Properties	153	0	0	(153)
Movement in the value of Heritage Assets	0	0	0	0
RCCO & MRP	(116)	0	0	116
Amounts of non-current assets written off on transfer to non-operational assets	(373)	0	0	373
Adjustments primarily involving the Capital Grants Unapplied Account:	0			0
Capital grants and contributions unapplied credited to the CIES	1,700	0	(1,700)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	333	(333)
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	708	(708)	0	0
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES (see note 17)	(5,405)	0	0	5,405
Employer's pension contributions and direct payment to pensioners payable in the year	2,258	0	0	(2,258)
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	117	0	0	(117)
NNDR	6,610	0	0	(6,610)
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	49	0	0	(49)
Total Adjustments	5,223	(708)	(1,367)	(3,148)

Notes to the Accounts (cont....)**2020/21 Comparative**

	Usable Reserves			Movement in Unusable Reserves
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	
	£000's	£000's	£000's	£000's
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES):-				
Charges for depreciation and impairment of non-current assets (items marked (*) in note 19)	(3,376)	0	0	3,376
Amortisation of intangible assets	(177)	0	0	177
Revenue expenditure funded from capital under statute	(813)	0	0	813
Capital grants and contributions applied	725	0	0	(725)
Movements in the market value of Investment Properties	99	0	0	(99)
Movement in the value of Heritage Assets	0	0	0	0
RCCO & MRP	0	0	0	0
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the CIES	589	0	(589)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	12	(12)
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	761	(761)	0	0
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES (see note 17)	(3,882)	0	0	3,882
Employer's pension contributions and direct payment to pensioners payable in the year	2,367	0	0	(2,367)
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	(36)	0	0	36
NNDR	(12,195)	0	0	12,195
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(84)	0	0	84
Total Adjustments	(16,022)	(761)	(577)	17,360

Notes to the Accounts (cont....)**10. Transfers (To)/From Earmarked Reserves**

This note sets out the amounts that have been set aside from the General Fund balances in earmarked reserves for specific policy purposes or for general contingencies and cash flow management.

The more significant sums include:

Inflation reserve £1m - to meet cost of future economic uncertainty at the time of budget setting.

Covid-19 Funding Reserve £8.9m – transfer from Civil Contingencies Covid-19 to fund ongoing recovery costs.

	Balance at 31 March 2020	Transfers Out 2020/21	Transfers In 2020/21	Balance at 31 March 2021	Transfers Out 2021/22	Transfers In 2021/22	Balance at 31 March 2022
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Earmarked Reserves:-							
Building Control Trading Account ((Surplus)/Deficit for trading side of building control)	(40)	28	0	(12)	32	0	20
Revenue Borrowing Reserve	(750)	0	0	(750)	750	0	0
Planning Policy Reserve	(53)	0	0	(53)	0	0	(53)
Revenue Funding of Capital Expenditure	(1,715)	0	(1,250)	(2,965)	1,379	0	(1,586)
Core Strategy Funding	0	0	(650)	(650)	27	(650)	(1,273)
Climate Change Initiatives	0	20	(501)	(481)	67	(11)	(425)
Community Safety Project Officer	0	0	0	0	23	(23)	0
Contracts Consultancy Advice	0	18	(30)	(12)	10	(22)	(24)
Play Area Alcester	0	0	(20)	(20)	20	0	0
Housing Register IT Platform Upgrade	0	19	(25)	(6)	6	0	0
HIF - Long Marston	0	9,802	(9,802)	0	4,357	(4,357)	0
EDMO - Future Projects	0	0	0	0		(6)	(6)
Rural Broadband	(204)	24	0	(180)	129	0	(51)
Enforcement Team Contracts	(42)	29	0	(13)	13	0	(0)
Transformation Projects	(97)	0	0	(97)	97	0	0
Commonwealth Games	(23)	0	0	(23)	0	0	(23)
Wellesbourne Airfield Strategy	(1,000)	63	0	(937)	39	0	(898)
Planning Policy Reserve	(200)	51	0	(149)	58	0	(91)
Economic Recovery Reserve	(200)	0	0	(200)	0	0	(200)
Land Charges Project	(160)	125	0	(35)	35	0	(0)
Sub -total	(4,484)	10,179	(12,278)	(6,583)	7,042	(5,069)	(4,610)

Notes to the Accounts (cont....)

Previous page sub-total	(4,484)	10,179	(12,278)	(6,583)	7042	(5,069)	(4,610)
Henley Street Project	(9)	0	0	(9)	9	0	0
Elections	(38)	38	0	0	0	0	0
Long Marston LMA - Garden Village	(493)	285	(280)	(488)	163	(135)	(460)
Neighbourhood Plan	0	10	(60)	(50)	41	(80)	(89)
Community Led Housing Fund	(205)	10	0	(195)	10	0	(185)
Depot Dilapidations	(15)	9	0	(6)	0	0	(6)
Homelessness Prevention	(395)	118	0	(277)	0	0	(277)
Rough Sleepers Initiative	(90)	90	0	(0)	0	0	(0)
Local Authority EU Exit Preparations	(44)	0	0	(44)	0	0	(44)
Pocket Parks Grant Gaydon	(16)	12	0	(3)	3	0	(0)
Social Housing Decarbonisation Fund	0	0	(1,449)	(1,449)	1,458	(743)	(734)
Environmental Health Staffing	0	0	(51)	(51)	22	0	(29)
Test and trace	0	0	(6)	(6)	6	0	0
National Leisure Recovery Fund Grant	0	0	(175)	(175)	175	0	0
Individual Electoral Registration (IER)	0	0	(10)	(10)	0	0	(10)
Green Home Grant (LADS)	0	0	(1,329)	(1,329)	155	0	(1,174)
Flexible Homelessness Support Grant	0	0	(294)	(294)	0	0	(294)
Rough Sleeper Initiative	0	0	(121)	(121)	121	0	(0)
Fred Winter Centre	0	0	(10)	(10)	0	0	(10)
Covid-19 Funding Reserve	0	0	(2,502)	(2,502)	0	(8,916)	(11,418)
Business Rates Equalisation	0	0	0	0	0	0	0
NNDR S31 Reserve	0	0	(28,604)	(28,604)	0	(4,125)	(32,729)
Local Plan Pathfinder	0	0	0	0	0	(60)	(60)
Transformation Programme	0	0	0	0	100	(530)	(430)
Energy and Financial Advice	0	0	0	0	0	0	0
COMF funding for 2022 23	0	0	0	0	0	(136)	(136)
Community Safety Officer	0	0	0	0	0	(42)	(42)
Domestic Abuse Bill	0	0	0	0	0	(34)	(34)
SWDP	0	0	0	0	0	(19)	(19)
RSI Grant	0	0	0	0	0	(120)	(120)
Sport England Tackling Inequal.	0	0	0	0	0	(5)	(5)
District Heating Canal Quarter	0	0	0	0	0	(50)	(50)
Inflation Reserve	0	0	0	0	0	(1,000)	(1,000)
Total	(5,789)	10,751	(47,170)	(42,208)	9,304	(21,064)	(53,968)

Notes to the Accounts (cont....)

11. 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 directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

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Notes to the Accounts (cont....)

2020/21

2021/22

Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
644	193	837	Chief Executive	578	224	802
150	12	162	Deputy Chief Executive	89	32	121
0	0	0	Director of Climate Change	0	0	0
438	364	802	Head of Assets	84	275	3,589
701	902	1,603	Head of Community Protection	779	1,127	1,906
81	50	131	Head of Culture, Tourism & Leisure	132	68	200
(2,596)	1,260	(1,336)	Head of Development	(6,557)	1,554	(5,004)
769	(168)	601	Head of Economy & Place	755	616	1,372
6,432	2,154	8,586	Head of Environment & Operations	3,798	2,874	6,673
1,271	(113)	1,159	Head of Financial Services	1,386	(448)	938
(1,505)	746	(759)	Head of Housing	391	720	1,111
1,307	(1,307)	0	Head of ICT	1,343	(1,343)	0
1,184	(36)	1,148	Head of Law & Governance	1,203	(106)	1,097
175	(148)	26	Head of People & Communications	238	(176)	62
2,064	(3)	2,060	Head of Revenues & Customer Services	1,692	14	1,706
11,115	3,906	15,020	Net Cost of Services	5,911	5,431	14,573
(46,396)	(12,223)	(58,619)	Other Income and Expenditure	0	0	0
(35,281)	(8,317)	(43,599)	Surplus or Deficit	5,911	5,431	14,573
8,870			Opening General Fund	7,217		
(1,653)			Less/Plus Surplus or (Deficit)	1,311		
7,217			Closing General Fund Balance at 31 March	8,528		

Notes to the Accounts (cont....)**11a. Note to the Expenditure and Funding Analysis****Adjustments between Funding and Accounting Basis
2021/22**

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1) £000	Net change for the Pension Adjustments (Note 2) £000	Other Differences (Note 3) £000	Total Adjustments £000
Chief Executive	0	84	140	224
Deputy Chief Executive	0	29	3	32
Director Climate Change	0	0	0	0
Head of Assets	(439)	25	690	275
Head of Community Protection	161	185	781	1,127
Head of Culture, Tourism & Leisure	5	19	44	68
Head of Development	0	570	984	1,554
Head of Economy & Place	310	113	193	616
head of Environment & Operations	1,219	57	1,598	2,874
Head of Financial Services	1,856	64	(2,368)	(448)
Head of Housing	113	169	438	720
Head of ICT	393	165	(1,901)	(1,343)
Head of Law & Governance	0	134	(240)	(106)
Head of People & Communications	0	28	(205)	(176)
Head of Revenues & Customer Services	0	367	(352)	14
Net Cost of Services	3,617	2,009	-195	5,431
Other income and expenditure from the Expenditure and Funding Analysis	(2,273)	1,081	7,414	6,222
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	1,344	3,090	7,219	11,653

**Adjustments between Funding and Accounting Basis
2020/21**

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1) £000	Net change for the Pension Adjustments (Note 2) £000	Other Differences (Note 3) £000	Total Adjustments £000
Chief Executive	0	30	15	45
Deputy Chief Executive	(300)	61	426	187
Head of Community & Operational Services	1,822	44	370	2,236
Head of Customer Services	346	146	(1,837)	(1,345)
Head of Law and Governance	0	49	31	80
Head of Regulatory Services	214	210	2,026	2,450
Head of Resources and Transformation	(1,240)	28	1,463	251
Net Cost of Services	842	568	2,494	3,904
Other income and expenditure from the Expenditure and Funding Analysis	(999)	929	(12,153)	(12,223)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(157)	1,497	(9,659)	(8,319)

Notes to the Accounts (cont....)**Adjustments for Capital Purposes**

(1) Adjustments for capital purposes – this column adds in 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 disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing, the Minimum Revenue Provision, and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustment

(2) Net change for the removal of pension contributions and the addition of *IAS 19 Employee Benefits* related expenditure and income:

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

Other Differences

(3) 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 received at the state of the years 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 and Deficits on the Collection Fund.

Notes to the Accounts (cont....)**12. Expenditure and Funding Analysis – Segmental Reporting**

The Expenditure and Funding Analysis includes the following items – these are reported on a segmental basis below.

2021/22	Chief Executive £000	Head of Assets £000	Head of Community Protection £000	Head of Economy and Place £000	Head of Environment and Operations £000	Head of Financial Services £000	Head of Culture Tourism Leisure £000	Head of Housing £000	Head of Law and Governance £000	Head of Development £000	Head of ICT and Communications £000	Head of Revenues and Customer Services £000	Total £000	
Revenues from External Customers	(19)	(1,277)	(422)	(42)	(4,899)	(49)	(110)	(320)	(89)	(2,234)	(7)	(16)	(352)	(9,836)
Interest Revenue	0	0	0	0	0	(158)	0	0	0	0	0	0	0	(158)
Interest Expense	0	55	19	310	97	(480)	0	0	0	0	0	0	0	1
Total	(19)	(1,222)	(403)	268	(4,802)	(687)	(110)	(320)	(89)	(2,234)	(7)	(16)	(352)	(9,993)

2020/21	Chief Executive £000	Head of Assets £000	Head of Community Protection £000	Head of Economy and Place £000	Head of Environment and Operations £000	Head of Financial Services £000	Head of Culture Tourism Leisure £000	Head of Housing £000	Head of Law and Governance £000	Head of Development £000	Head of ICT £000	Head of People and Communications £000	Head of Revenues and Customer Services £000	Total £000
Revenues from External Customers	(2)	(1,009)	(365)	(39)	(1,548)	(10)	(33)	(425)	(95)	(2,004)	(7)	(7)	(135)	(5,679)
Interest Revenue	0	0	0	0	0	(423)	0	0	0	0	0	0	0	(423)
Interest Expense	0	143	29	589	51	(812)	0	0	0	0	0	0	0	0
Total	(2)	(866)	(336)	550	(1,497)	(1,245)	(33)	(425)	(95)	(2,004)	(7)	(7)	(135)	(6,102)

Notes to the Accounts (cont....)**13. Trading Operations**

Trading operations are activities of the Council of a commercial nature that are financed substantially by income from tenants and parking fees and charges. Part of Avenue Farm Depot and Miscellaneous Properties in Stratford-upon-Avon are operated on such a basis. The financial results of each are summarised below:-

2021/22	Avenue Farm Depot £000's	Miscellaneous Properties £000's	Recreation Ground £000's	Parking £000's	Total £000's
Income from commercial rents	(83)	(32)	(281)	(65)	(461)
Fees and charges income	0	(168)	(10)	(2,681)	(2,859)
Total income	(83)	(200)	(291)	(2,746)	(3,320)
Expenditure	47	542	13	1,635	2,237
Surplus on trading	(36)	342	(278)	(1,111)	(1,083)
Capital Charges	20	120	20	218	378
(Surplus)/Deficit after asset rental charge	(16)	462	(258)	(893)	(705)
2020/21	Avenue Farm Depot £000's	Miscellaneous Properties £000's	Recreation Ground £000's	Parking £000's	Total £000's
Income from commercial rents	(83)	(26)	(125)	(67)	(301)
Fees and charges income	(13)	(46)	(20)	(1,153)	(1,232)
Total income	(96)	(72)	(145)	(1,220)	(1,533)
Expenditure	57	534	1	1,539	2,131
Surplus on trading	(39)	462	(144)	319	598
Capital Charges	(314)	66	39	523	314
(Surplus)/Deficit after asset rental charge	(353)	528	(105)	842	912

Notes to the Accounts (cont....)**14. External Audit Costs**

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, completion of agreed upon procedures on the Housing Benefit claim, statutory inspections and to non-audit services provided by the Authority's external auditors.

	2020/21 £000's	2021/22 £000's
Fees payable to the appointed auditors with regard to external audit services carried out by the appointed auditor for the year	80	113
Fees payable to the appointed auditor for the agreed upon procedures on the Housing Benefit claim for the year	23	36
Total	<u>103</u>	<u>149</u>

The fee for external audit services for 2020/21 includes additional fees for the 2019-20 and 2020-21 audits in respect of Scale Fee Variations (SFV) as approved by the PSAA.

The fee for the 2021-22 Housing Benefit claim is subject to Housing Benefit audit procedures. The Council may incur additional fees but this will be unknown until the work is completed.

15. Members' Allowances

The Authority paid the following amounts to members of the council during the year.

	2020/21 £000's	2021/22 £000's
Allowances	327	333
Expenses	2	4
Total	<u>329</u>	<u>337</u>

Amounts paid to members are open to public inspection by prior arrangement with the Head of Resources and S151 Officer (Telephone 01789 267575). Details of allowances paid to individual councillors can also be found on the Council's website.

Notes to the Accounts (cont....)**16. Employees' Remuneration**

The Accounts and Audit Regulations 2011 require disclosure of the number of employees whose remuneration falls in each bracket of a scale in multiples of £5,000 starting with £50,000 (excluding employer's pension contributions and compensation for loss of office) and these are as follows:-

Remuneration Band		Number of Employees	
		2020/21	2021/22
£120,000 -	£124,999	0	1
£115,000 -	£119,999	1	0
£110,000 -	£114,999	0	0
£105,000 -	£109,999	0	0
£100,000 -	£104,999	1	0
£95,000 -	£99,999	0	1
£90,000 -	£94,999	1	0
£85,000 -	£89,999	0	0
£80,000 -	£84,999	0	0
£75,000 -	£79,999	1	1
£70,000 -	£74,999	2	2
£65,000 -	£69,999	1	0
£60,000 -	£64,999	1	1
£55,000 -	£59,999	5	3
£50,000 -	£54,999	8	9

The individual remuneration details by post title for senior employees who have the responsibility for the management of the Authority are disclosed in the tables below:-

2021/22	Salary (Including fees and allowances)	Expenses Allowances	Compensation for Loss Of Office	Pensions Contributions	Total Remuneration including Pension Contributions
Post Title*					
Chief Executive	118,892	1,304	0	23,541	143,737
Deputy Chief Executive	93,862	1,304	0	18,585	113,751
Head of Law & Governance (Monitoring Officer)	75,136	1,239	0	14,877	91,252
Head of Planning & Housing (Part Year April - October)	40,102	3,581	0	7,940	51,624
Head of Place & Economy (Part Year August - March)	59,547	753	0	11,790	72,089
Interim Head of Development (Part Year November - March)	58,460	0	0	0	58,460
Head of Revenues & Customer Services	71,362	1,304	0	14,130	86,796
Head of Environmental & Operational Services	71,362	1,304	0	14,130	86,796
Total	588,724	10,789	0	104,992	704,505

*Post Title reflects post titles as at 31 March 2022.

N.B. The Head of Finance (S151 Officer) was a Warwick District Council role that was shared with SDC

Notes to the Accounts (cont....)

2020/21	Salary (Including fees and allowances)	Expenses Allowances	Compensation for Loss Of Office	Pensions Contributions	Total Remuneration including Pension Contributions
Post Title*	£	£	£	£	£
Chief Executive	114,566	1,304	0	22,684	138,554
Deputy Chief Executive	89,626	1,304	0	17,746	108,676
Interim Head of Resources & Transformation & S151 Officer	76,329	1,304	0	0	77,633
Head of Law & Governance & Monitoring Officer	71,647	1,239	0	14,186	87,072
Head of Planning & Housing	66,960	5,460	0	13,258	85,678
Head of ICT & Revenues	67,518	1,304	0	13,313	82,135
Head of Community & Operational Services (Part year May - March)	60,463	1,128	0	11,560	73,151
Total	547,108	13,043	0	92,748	652,899

*Post Title reflects post titles as at 31 March 2021

Notes to the Accounts (cont....)

17. Pension Costs

The Warwickshire Local Government Pension Fund is a defined benefit scheme set up under the Local Government Pension Scheme Regulations 1997.

The Scheme is a statutory scheme, established by an Act of Parliament, the Superannuation Act 1972. The Scheme is governed by the following regulations:

- Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended)
- Local Government Pension Scheme (Administration) Regulations 2008 (as amended)
- Local Government Pension Scheme (Transitional Provisions) Regulations 2008 (as amended).

The fund is open to employees of the five district and borough councils and other organisations. The fund does not cover teachers, police officers or firefighters as these staff have alternative pension arrangements.

Under the scheme rules, members receive a lump sum retirement grant in addition to a pension. Lump sum retirement grants are accounted for at the date members retire. If a member chooses to take a greater retirement grant in return for a reduced pension, we account for these amounts on an accruals basis from the date the member takes this option. Other benefits are accounted for on the date the member leaves the plan or dies.

The Pension Fund's activities expose it to a variety of risks:

Credit risk: the possibility that other parties might fail to pay amounts due to the Pension Fund.

Liquidity risk: the possibility that the Pension Fund might not have funds available to meet its commitments to make payments.

Market risk: the possibility that financial loss might arise for the Pension Fund as a result of changes in such measures as interest rates and stock market movements.

Interest rate risk: the risk to which the Pension Fund is exposed to changes in interest rates and mainly relates to holdings in bonds. This risk is managed by Legal & General and BlackRock who are the Fund's appointed bond portfolio investment managers.

Currency Risk: For investments denominated in non-sterling currencies, the Pension Fund is exposed to currency risk as a result of possible fluctuations in foreign currency exchange rates. So far as the Fund's equity investments are concerned, these risks are mitigated to some extent by the global nature of their underlying businesses. Furthermore, investment fund managers will take account of currency risk in their investment decisions.

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefit is reversed out of the General Fund 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:-

Notes to the Accounts (cont....)

	2020/21	2021/22
	£000's	£000's
Comprehensive Income and Expenditure Statement		
Cost of Services:-		
Service cost comprising:		
- Current Service Cost	(2,953)	(4,324)
- Past Service Costs	<u>0</u>	<u>0</u>
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	<u>(2,953)</u>	<u>(4,324)</u>
Other Post-employment benefits 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)	(19,414)	(6,229)
Actuarial gains and losses arising on changes to demographic assumptions	1,733	(587)
Additional pension liabilities, see below	0	0
Actuarial gains and losses arising on changes to financial assumptions	30,367	(8,603)
Other	<u>(1,239)</u>	<u>(374)</u>
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	<u>11,447</u>	<u>(15,793)</u>
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code		
	<u>3,882</u>	<u>5,405</u>
Actual amount charged against the General Fund Balance for pensions in the year		
Employers contributions payable to scheme	<u>2,367</u>	<u>2,558</u>

Notes to the Accounts (cont....)**Pensions Assets and Liabilities Recognised in the Balance Sheet**

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

	2020/21	2021/22
	£000's	£000's
Present value of the defined benefit obligation	(155,527)	(151,115)
Fair value of plan assets	102,454	110,688
	<hr/>	<hr/>
Net liability arising from defined benefit obligation	(53,073)	(40,427)

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

	2020/21	2021/22
	£000's	£000's
Opening fair value of scheme assets	82,025	102,454
Interest Income	1,875	2,037
Remeasurements gain/(loss):		
The return on plan assets, excluding the amount included in the net interest expense	19,414	6,229
Other Experience	0	1,075
Contributions from employer	2,367	2,258
Contributions from employees into the scheme	577	576
Benefits paid	(3,804)	(3,941)
	<hr/>	<hr/>

Notes to the Accounts (cont....)**Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)**

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Discretionary benefits	
	£000's		£000's	
	2020/21	2021/22	2020/21	2021/22
Opening balance at 1 April	120,718	154,061	1,418	1,466
Current service cost	2,953	4,324	0	0
Past service cost	0	0	0	0
Interest cost	2,773	3,090	31	28
Contributions from scheme participants	577	576	0	0
Remeasurement (gains) and losses:				
Actuarial (gains)/losses arising from changes in financial assumptions	30,312	(8,590)	55	(13)
Other	432	147	62	(33)
Benefits paid	(3,704)	(3,843)	(100)	(98)
Closing balance at 31 March	154,061	149,765	1,466	1,350

Scheme History

	2017/18	2018/19	2019/20	2020/21	2021/22
	Total	Total	Total	Total	Total
	£000's	£000's	£000's	£000's	£000's
Present value of liabilities	(122,031)	(135,727)	(122,136)	(155,527)	(151,115)
Fair value of assets	83,953	88,954	82,025	102,454	110,688
Surplus/(Deficit) in the Scheme	(38,078)	(46,773)	(40,111)	(53,073)	(40,427)

The liabilities show the estimated underlying commitments that the Council has in the long term to pay retirement benefits. The total liability of £151.1m has a significant impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme's Actuary.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates being based on the last formal valuation of the fund as at 31 March 2022. The principal assumptions adopted were:-

Notes to the Accounts (cont....)

ACTUARIAL ASSUMPTIONS	2020/21	2021/22
Rate of RPI inflation	2.85%	3.20%
Rate of CPI inflation	2.85%	3.20%
Rate of increase in salaries	3.65%	4.20%
Rate of increase in pensions	2.85%	3.20%
Rate for discounting scheme liabilities	2.00%	2.70%
Take-up of option to convert annual pension into retirement grant	50.00%	65.00%

Mortality Assumptions:-

Longevity at 65 for current pensioners

- Men	21.8	21.8
- Women	24.2	24.4

Longevity at 65 for future pensioners

- Men	23.0	22.6
- Women	26.1	26.0

The Scheme assets consist of the following categories, by proportion of the total assets held:-

Asset Category	Period Ended 31 March 2021				Period Ended 31 March 2022			
	Quoted prices in active markets £000's	Quoted prices not in active markets £000's	Total £000's	% of Total Assets	Quoted prices in active markets £000's	Quoted prices not in active markets £000's	Total £000's	% of Total Assets
Equity Securities:								
Consumer	0	0	0	0%	0	0	0	0%
Manufacturing	0	0	0	0%	0	0	0	0%
Energy & Utilities	0	0	0	0%	0	0	0	0%
Financial Institutions	0	0	0	0%	0	0	0	0%
Health & Care	0	0	0	0%	0	0	0	0%
Information Technology	0	0	0	0%	0	0	0	0%
Other	0	48	48	0%	0	47	47	0%
Debt Securities:								
Corporate Bonds (investment grade)	9,988	0	9,988	10%	6,854	0	6,854	6%
Corporate Bonds (non-investment grade)	2,451	0	2,451	2%	2,251	0	2,251	2%
UK Government	4,685	0	4,685	5%	5,197	0	5,197	5%
Other	5,083	3,455	8,538	8%	0	3,299	3,299	3%
Private Equity:								
All	0	5,248	5,248	5%	0	7,867	7,867	7%
Real Estate:-								
UK Property	9,301	0	9,301	9%	10,864	0	10,864	10%
Overseas Property	0	0	0	0%	37	0	37	0%
Investment Funds & Unit Trusts:								
Equities	57,248	0	57,248	56%	56,353	0	56,353	51%
Bonds	0	0	0	0%	9,998	0	9,998	9%
Hedge Funds	0	0	0	0%	0	0	0	0%
Infrastructure	2,958	0	2,958	3%	0	5,599	5,599	5%
Other	0	0	0	0%	0	0	0	0%
Cash & Cash Equivalents:								
All	1,990	0	1,990	2%	2,321	0	2,321	2%
Total	93,703	8,751	102,454	100%	93,876	16,813	110,688	100%

Notes to the Accounts (cont....)**Sensitivity Analysis**

IAS 19 requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:-

Change in assumptions at year ended 31 March 2022	Approximate % increase to Employer	Approximate monetary amount £000's
0.1% decrease in Real Discount Rate	2%	2,632
0.1% increase in the Salary Increase Rate	0%	368
0.1% increase in the Pension Increase Rate	2%	2,241

To quantify the uncertainty around life expectancy, the actuary has calculated the difference in cost to the Employer of a one year increase in life expectancy. For sensitivity purposes, this is assumed to be increase in the cost of benefits of broadly 3-5%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominately apply at younger or older ages).

Please note the above figures have been derived based on the membership profile of the Employer as at the date of the most recent actuarial valuation.

This analysis has been provided by the scheme's actuaries.

Projected defined benefit cost for the period to 31 March 2023

Period Ended 31 March 2023	Assets £000's	Obligations £000's	Net(liability)/asset £000's % of pay	
Projected Current service cost*	0	3,876	(3,876)	-45.5%
Total Service Cost	0	3,876	(3,876)	-45.5%
Interest income on plan assets	2,973	0	2,973	34.9%
Interest cost on defined benefit obligation	0	4,087	(4,087)	-47.9%
Total Net Interest Cost	2,973	4,087	(1,114)	-13.0%
Total Included in Profit and Loss	2,973	7,963	(4,990)	-58.5%

* The current service cost includes an allowance for administration expenses of 0.9% of payroll

The estimated employer's contribution for the period to 31 March 2023 will be approximately £2,108,000.

Notes to the Accounts (cont....)

A summary of the membership data is based on the last actuarial valuation dated 31 March 2022:-

Whole Fund Membership	31 March 2019	31 March 2022
	£000's	£000's
Total Accrued Pension	46,496	53,065
Total Deferred Pensioners Accrued Pension	27,980	34,264
Total Pensioners in Payment	64,658	72,499
Funding Level	92%	104%

Further information can be found in Warwickshire County Council's Superannuation Fund Actuarial Report which is available on request from the Strategic Director of Resources, Warwickshire County Council, P.O. Box 3, Shire Hall, Warwick, CV34 4RH, and also on the county website at <http://www.warwickshire.gov.uk/pensions>.

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Notes to the Accounts (cont....)**18. Related Parties**

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

Central Government

Central government has effective control over the general operations of the Authority, it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties, for council tax bills and housing benefits. Grants received from government departments are set out in the subjective analysis in note 12 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2022 are shown in note 33.

Chief Officers

There are no related party transactions in respect of Chief Officers for the period 1 April 2021 to 31 March 2022.

Council Members

The information as relates to this Authority for 1 April 2021 to 31 March 2022 is as follows:

Expenditure Transactions

	Creditor Transactions 2020/21	Balance 31 March 2021	Creditor Transactions 2021/22	Balance 31 March 2022
	£000's	£000's	£000's	£000's
Orbit Heart of England Housing Association- excludes Benefit Payments (note a)	524	3	1,213	129
Penion Service (note b)	2,926	56	2,928	8
Warwickshire County Council- excudes Precepts & CIL (note c)	430	11	441	4
Stratford Town Council- excludes Precepts (note d)	-	-	3	-
Warwick District Council (note e)	154	-	301	1

- a. The majority of the transactions were in respect of social housing schemes and temporary accommodation payments.
- b. Payments to Warwickshire County Council in respect of the Authority's contributions to the Pension Fund.
- c. These payments mainly relate to Community Transport, Planning Enquiry fees, internal audit fees, tree works, ecological and archaeological enquiries and land charge search fees.
- d. These payments relate to Shakespeare Birthday Celebrations, consultancy for markets and hire of the Town Hall for Planning Enquiries.
- e. These payments mainly relate to shared services costs, training and Occupational Health.
- f. Other Public Bodies:
The Council collects precepts on behalf of Warwickshire County Council, Warwickshire Police Authority and the Town and Parish Councils. Some Stratford-on-Avon District Council Councillors are also members of these bodies.

Notes to the Accounts (cont....)

Major transactions (£5k and over – excluding precepts) for 2021/22 where Stratford-on-Avon District Councillors are also members of Parish Councils are shown below:-

Parish Councils	No of Members	Creditor Payments £000's	Balance 31 March 2021 £000's	No of Members	Creditor Payments £000's	Balance 31 March 2022 £000's
Quinton Parish Council S106 monies for off site open space 14/01449/OUT	0	0	0	1	14	0

Major transactions (£5k and over) for 2021/22 where Stratford District Councillors are also members of public bodies are shown below:-

Public Bodies	No of Members	Creditor Payments £000's	Balance 31 March 2021 £000's	No of Members	Creditor Payments £000's	Balance 31 March 2022 £000's
Act on Energy	1	14	0	1	12	0
Clopton Community Action Group	1	32	0	0	0	0
Cotswold Conservation Board	2	8	0	2	8	0
Coventry & Warwickshire Local Enterprise Partnership	1	20	20	1	20	0
Coventry City Council	0	0	0	1	93	0
Local Government Association	1	13	0	1	14	0
South Warwickshire NHS Foundation Trust (S106)	2	560	0	1	1,207	0
Warwickshire Police and Crime Commissioner (S106)	1	27	0	1	17	0
Warwickshire Rural Community Council	1	48	0	1	48	0
Warwickshire Wildlife Trust	1	25	0	1	24	0
West Midlands Combined Authority	1	25	0	1	25	0
West Midlands Employers	1	47	0	1	54	0

Notes to the Accounts (cont....)

f. Other Outside Bodies:-

Major transactions (£5k and over) for 2021/22 where Stratford District Councillors are also members of other outside bodies are shown below:-

Other Outside Bodies	No of Members	Creditor Payments £000's	Balance 31 March 2021 £000's	No of Members	Creditor Payments £000's	Balance 31 March 2022 £000's
Stratforward Business						
Improvement District Ltd	2	45	0	2	66	19
Shakespeare's England Ltd	0	75	0	1	149	0

g. Income Receipts:-

The table below shows significant income receipts from bodies identified as being a related party:-

	2020/21 £000's	2021/22 £000's
Alcester Town Council	5	25
Coventry & Warwickshire Local Enterprise Partnership	0	20
Stratford upon Avon Town Council	0	70
Stratforward	5	5
Studley Parish Council	0	7
Warwick District Council	113	1,027
Warwickshire County Council	1,058	1,136

Notes to the Accounts (cont....)

19. Property, Plant and Equipment

Movement in Assets – 31 March 2022	Land and Buildings	Vehicles, Plant and Equipment	Community	Total Property, Plant and Equipment (excluding Infrastructure)
	£000's	£000's	£000's	£000's
Cost or valuation at 1 April 2021	66,427	7,873	965	75,265
Additions	572	117	41	730
Revaluation increases/(decreases) recognised in the Revaluation Reserve	3,178	0	0	3,178
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services (*)	489	0	0	489
Derecognition - Disposals	(411)			(411)
Other movements in cost of valuation				0
At 31 March 2022	70,255	7,990	1,006	79,251
Accumulated Depreciation and Impairment at 1 April 2021	(1,591)	(6,506)	(456)	(8,553)
Depreciation charge (*)	(1,937)	(353)	(29)	(2,319)
Depreciation written out to the Revaluation Reserve	711	0	0	711
Disposal - Depreciation	38	0	0	38
Impairments losses/(reversals) recognised in the Revaluation Reserve	(24)	0	0	(24)
Impairments losses/(reversals) recognised in the (Surplus)/Deficit on the Provision of Services (*)	300	0	0	300
At 31 March 2022	(2,503)	(6,859)	(485)	(9,847)
Net book value at 31 March 2022	67,752	1,131	521	69,404
Net book value at 31 March 2021	64,836	1,367	509	66,712
Items marked (*) can be found in note 9 and 32a				

Notes to the Accounts (cont....)**Movement in Assets – 31 March 2021**

	Land and Buildings £000's	Vehicles, Plant and Equipment £000's	Community £000's	Total Property, Plant and Equipment £000's
Cost or valuation at 1 April 2020	56,400	7,218	955	64,573
Additions	509	655	10	1,174
Revaluation increases/(decreases) recognised in the Revaluation Reserve	9,579	0	0	9,579
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services (*)	(34)	0	0	(34)
At 31 March 2021	66,454	7,873	965	75,292
Accumulated Depreciation and Impairment at 1 April 2020	(1,398)	(6,251)	(427)	(8,076)
Depreciation charge (*)	(3,815)	(255)	(29)	(4,099)
Depreciation written out to the Revaluation Reserve	3,090	0	0	3,090
Impairments losses/(reversals) recognised in the Revaluation Reserve	(405)	0	0	(405)
Impairments losses/(reversals) recognised in the (Surplus)/Deficit on the Provision of Services (*)	910	0	0	910
At 31 March 2021	(1,618)	(6,506)	(456)	(8,580)
Net book value at 31 March 2021	64,836	1,367	509	66,712
Net book value at 31 March 2020	55,002	967	528	56,497

Items marked (*) can be found in note 9 and 32a

Notes to the Accounts (cont....)

Infrastructure Assets

In November 2022, CIPFA issued an Update to the 2021/22 (and 2022/23) Code of Practice on Local Authority Accounting. This Update allows for the movement between the opening and closing balance of infrastructure assets to be presented on a net book value (rather than gross cost/accumulated depreciation) basis for a temporary period up to and including 2024/25, in recognition that authorities do not typically hold sufficiently granular detail regarding historical expenditure on their infrastructure assets in order to accurately account for derecognition on a gross basis.

Furthermore, an amendment to the Local Authorities (Capital Finance and Accounting) Regulations was also laid in November 2022 which permits local authorities, when they replace a component of an infrastructure asset, to determine the carrying amount to be derecognised in respect of the replaced component as nil. This statutory override also applies up to and including 2024/25. Stratford-on-Avon District Council made this determination in respect of its 2020/21 Statement of Accounts.

Infrastructure assets have therefore been excluded from the previous tables which analyse the movement on Property, Plant and Equipment on a gross book value/accumulated depreciation basis. The movement on infrastructure assets is instead presented in the following note, along with a reconciliation to total Property, Plant and Equipment as reported on the Balance Sheet and elsewhere in these financial statements.

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include the disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits means this would not faithfully represent the asset position to the users of the financial statements.

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Notes to the Accounts (cont....)

Movement in Assets – 31 March 2022	Infrastructure	Other Property, Plant and Equipment	Total Property, Plant and Equipment
	£000's	£000's	£000's
Cost or valuation at 1 April 2021	4,274	66,712	70,986
Additions	536	730	1,266
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	3,178	3,178
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services (*)	0	489	489
Depreciation charge (*)	(158)	(2,319)	(2,477)
Depreciation written out to the Revaluation Reserve	0	711	711
Impairments losses/(reversals) recognised in the Revaluation Reserve	0	(24)	(24)
Impairments losses/(reversals) recognised in the (Surplus)/Deficit on the Provision of Services (*)	0	300	300
At 31 March 2022	4,652	69,777	74,429

Notes to the Accounts (cont....)

Comparative Movement in Assets – 2020/21	Infrastructure	Other Property, Plant and Equipment	Total Property, Plant and Equipment
	£000's	£000's	£000's
Cost or valuation at 1 April 2020	4,270	56,497	60,767
Additions	157	1,174	1,331
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	9,579	9,579
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services (*)	0	(34)	(34)
Depreciation charge (*)	(153)	(4,099)	(4,252)
Depreciation written out to the Revaluation Reserve	0	3,090	3,090
Impairments losses/(reversals) recognised in the Revaluation Reserve	0	(405)	(405)
Impairments losses/(reversals) recognised in the (Surplus)/Deficit on the Provision of Services (*)	0	910	910
At 31 March 2021	4,274	66,712	70,986

Notes to the Accounts (cont....)**Depreciation**

The following useful lives have been used in the calculation of depreciation:

- Buildings: 10 – 50 years
- Vehicles, Plant and Equipment: 5 - 70 years
- Infrastructure: 40 years
- Community Assets: 5 – 40 years

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out by an external independent valuer (Bruton Knowles Chartered Surveyors) as at 31 March 2021 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. For information the basis of valuations and impairments is set out in the Statement of Accounting Policies (note vii).

As a new valuation contract was in place at 31 March 2021 all of the main assets were be revalued and are scheduled to be revalued again in 2026 with valuations on an impairment basis in between.

	£000's	£000's	£000's	£000's	£000's
Carried at historical cost		1,367	4,274	509	6,150
Valued at fair value as at:- 31 March 2021	64,836	0	0	0	64,836
Total Cost or Valuation	64,836	1,367	4,274	509	70,986

Notes to the Accounts (cont....)**20. Capital Commitments**

The Authority has capital commitments of approximately £1,189k as at 31 March 2022 and these will be financed from 2022/23 resources in accordance with recommended practice.

An analysis of the commitments is given below:-

	31 March 2021	31 March 2022
	£000's	£000's
Projects:-		
Leisure	28	1,107
Other Schemes		
CCTV	57	23
Information Technology	16	11
Car Parks	11	48
Total	112	1,189

21. Heritage Assets

Heritage assets held by this Authority for their historical and cultural significance are the statues in the Bancroft Gardens and in Henley Street, Stratford-upon-Avon. These are the Gower Memorial, the Hermaphroditus (Narcissus) Statue, the Jester Statue and The Peony Pavilion situated in the Firs Garden in Stratford-upon-Avon.

The carrying amount of these assets will be reviewed with sufficient frequency to ensure that the valuations remain current as per the accounting policy - the next revaluation will be due as at 31 March 2023.

Depreciation will not be charged on the above assets as they have an indefinite life, therefore, there will be no changes to the depreciation charged in the financial statements.

The carrying value of Heritage Assets held by the authority is shown in the table below:-

	31 March 2021	31 March 2022
	£000's	£000's
Balance at 31 March	3,674	3,674
Additions	0	0
Revaluations	0	0
Impairment losses/reversals recognised in the Surplus/Deficit on the Provision of Services	0	0
Balance at 31 March	3,674	3,674

Notes to the Accounts (Cont....)**22. Investment Properties**

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

	31 March 2021 £000's	31 March 2022 £000's
Rental income from investment property	556	575
Direct operating expenses arising from investment property	(131)	(133)
Net gain/(loss)	425	442

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investments or repairs, maintenance or enhancement.

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

	31 March 2021 £000's	31 March 2022 £000's
Balance at start of year	11,174	11,275
Additions	2	0
Revaluations	174	95
Impairments	(75)	58
Transfer to Property, Plant and Equipment	0	0
Disposals	0	0
Balance at end of year	11,275	11,428

Notes to the Accounts (Cont....)**23. Capital Expenditure and Capital Financing**

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

Capital Investment:

Property, Plant and Equipment	1,331	1,267
Investment Properties	2	0
Intangible Assets	168	175
Heritage Assets	0	0
Loans	0	6,022
Revenue Expenditure Funded from Capital under Statute	812	481

Sources of finance:

Capital receipts	(1,576)	(5,692)
Grants/Contributions/Section 106	(737)	(2,233)
Revenue Contribution to Capital Outlay (RCCO)	0	(20)
Closing Capital Financing Requirement	440	440

Notes to the Accounts (cont....)**24. Intangible Assets**

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licences and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful life assigned to the major software suites used by the Authority is 5 years.

	31 March 2021			31 March 2022		
	Internally Generated Assets £000's	Other Assets £000's	Total £000's	Internally Generated Assets £000's	Other Assets £000's	Total £000's
Balance at start of year:						
Gross carrying amounts	2,307	3,449	5,756	2,307	3,616	5,923
Accumulated Amortisation	(2,307)	(2,771)	(5,078)	(2,307)	(2,948)	(5,255)
Net carrying amount at start of year	0	678	678	0	668	668
Additions:						
Purchases	0	167	167	0	48	48
Amortisation for the period	0	(177)	(177)	0	(210)	(210)
Net carrying amount at end of year	0	668	668	0	506	506
Comprising:			0			
Gross carrying amounts	2,307	3,616	5,923	2,307	3,664	5,971
Accumulated Amortisation	(2,307)	(2,948)	(5,255)	(2,307)	(3,158)	(5,465)
Total	0	668	668	0	506	506

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £210k charged to revenue in 2021/22 was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings as described in the Comprehensive Income and Expenditure Statement.

Notes to the Accounts (cont....)**25. Long Term Debtors**

	31 March 2021	31 March 2022
	£000's	£000's
Stratford Football Club – Loan (a)	116	0
Material Recycling Facility - Loan (b)	0	2,922
Everyone Active Leisure Centre Refurbs - Loan (c)	0	3,100
Cox's Yard – Finance Lease (d) – See note 26	1,146	1,135
4/5 Sheep Street – Finance Lease (d) – See note 26	138	135
Balance at 31 March	<u>1,399</u>	<u>7,292</u>

- (a) Loan to Stratford Football Club, written off 17 May 2021;
 (b) Loan to Sherbourne Material Recycling Facility, first drawdown April 2021;
 (c) Loan to Everyone Active, first drawdown August 2021; and
 (d) These are leases that transfer all the risks and rewards of ownership of an asset to the lessee. Such a transfer may be presumed to occur if, at the inception of the lease, the present value of the minimum lease repayments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

26. Leases – The Authority as Lessor**Finance Leases**

Under the Code, leases of property are accounted for as separate leases of land and buildings. Previously, each property lease would have been accounted for as a single lease. Following a review of valuations for each element the land value is not considered material and the accounting for the leases therefore remains unchanged.

As listed in note 25 above, the Authority has a gross investment in the leases, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Authority in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:-

	31 March 2021	31 March 2022
	£000's	£000's
Finance lease debtor (net present value of minimum lease payments):		
Current	14	14
Non Current	1,282	1,269
Unearned finance income	7,752	7,673
Gross investment in the lease	<u>9,048</u>	<u>8,956</u>

Notes to the Accounts (cont....)

The gross investment in the lease and the minimum lease payments will be received over the following periods:-

	Net Investments in the Lease		Minimum Lease Payments	
	31 March 2021 £000's	31 March 2022 £000's	31 March 2021 £000's	31 March 2022 £000's
Not later than one year	14	14	93	93
Later than one year and not later than five years	54	54	372	372
Later than five years	1,229	1,215	8,583	8,491
Total	1,297	1,283	9,048	8,956

Operating Leases - The Authority as Lessor

The Authority leases out a number of properties on a commercial basis in order to derive rental income.

The value of investment properties included in the Balance Sheet at 31 March 2022 is £11.4m.

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

	31 March 2021 £000's	31 March 2022 £000's
Not later than one year	846	717
Later than one year and not later than five years	2,567	2,355
Later than five years	25,702	24,089
Total	29,115	27,161

Operating Leases – The Authority as Lessee

Rentals paid under operating leases by this Authority amounted to £51k in 2021/22 and are in respect of printing equipment.

	2020/2021 £000's	2021/2022 £000's
(a) Not later than one year	53	51
(b) Later than one year and not later than five years	62	26
Total	115	0

Notes to the Accounts (cont....)**27. Financial Instruments**

The financial instruments disclosed in the Balance Sheet consist of the following categories:

Financial Assets	Non-Current				Current			
	Investments		Debtors		Investments		Debtors	
	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Fair Value Through Profit and Loss:-								
Long-term capital debtor	0	0	116	6,022	0	0	0	0
Money Market Funds	0	0	0	0	34,290	48,993	0	0
Amortised Cost:-								
Bank Finance lease debtor	0	0	0	0	14,943	19,760	0	0
	0	0	1,284	1,270	0	0	14	14
Trade debtors	0	0	0	0	0	0	3,567	2,003
Total financial assets	0	0	1,400	7,292	49,233	68,753	3,581	2,017
Non-financial assets	0	0	0	0	0	0	17,985	22,881
Total	0	0	1,400	7,292	49,233	68,753	21,566	24,898

Financial Liabilities	Non-Current				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Amortised Cost:-								
Trade creditors	0	0	0	0	0	0	2,098	2,849
Deposits & other funds	0	0	0	0	0	0	2,265	2,089
financial liabilities	0	0	0	0	0	0	4,363	4,938

Notes to the Accounts (cont....)**Items of income, expense, gains or losses**

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

	2020/21		2021/22	
	Surplus or Deficit on the Provision of Services £000's	Other Comprehensive Income and Expenditure £000's	Surplus or Deficit on the Provision of Services £000's	Other Comprehensive Income and Expenditure £000's
Net gains/(losses) on: financial assets measured at fair value through profit or loss	0	0	0	0
Total net gains/(losses)	0	0	0	0
Interest revenue: financial assets measured at amortised cost	14	0	14	0
Total interest revenue	14	0	14	0
Interest expense	0	0	0	0
Fee income: financial assets or financial liabilities that are not at fair value through profit or loss	0	0	0	0
Fee expense: financial assets or financial liabilities that are not at fair value through profit or loss	0	0	0	0

Fair Value

The basis for recurring fair value measurements are:

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

Fair Value of Financial Assets

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

Notes to the Accounts (cont....)

Financial assets measured at fair value				
Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	As at 31 March 2021	As at 31 March 2022
			£'000	£'000
Fair Value through Profit and Loss				
Ultra Short Dated Bond Fund	Level 1	Unadjusted quoted prices in active markets for identical assets	34,290	48,993
Long-term capital debtor	Level 3	Discounted cash flow	115	6,022
Total			34,405	55,015

The Council holds a long term capital debtor which has been re-measured at fair value. The effect of this revaluation has been included in Surplus or Deficit on the Provision of Services for 2021/22. The statutory accounting requirements mean that this adjustment is reversed out of the General Fund Balance in the Movement in Reserves Statement to the Capital Adjustment Account.

The Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value (but for which Fair Value Disclosures are required)

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- PWLB and Market debt; estimated interest rates at 31 March 2022 for new debt with the same maturity date from comparable lenders.
- Investments; long term – estimated interest rates at 31 March 2022 for equivalent loans.
- Investments; short term – carrying amounts in the balance sheet approximate to fair value.

The fair values calculated are as follows:

Financial Assets valued at amortised cost	31 March 2021		31 March 2022	
	Carrying Amount	At Fair Value	Carrying Amount	At Fair Value
	£000's	£000's	£000's	£000's
Current:-				
Trade Debtors	3,567	3,567	2,003	2,003
Bank	14,943	14,943	19,760	19,760
Finance Lease Lessor	14	14	14	14
Non-Current:-				
Finance Lease Lessor	1,284	1,284	1,270	1,270
Total Assets	19,808	19,808	23,047	23,047

Financial assets – where an instrument is due to mature within 12 months the carrying amount is assumed to approximate fair value. The carrying value of the long term assets are valued the same as fair value as the loan is fixed at market rate and the finance lease lessor has been valued and stated at fair value. We do not expect any change to this assumption.

Notes to the Accounts (cont....)

Financial Liabilities	31 March 2021		31 March 2022	
	Carrying Amount £000's	At Fair Value £000's	Carrying Amount £000's	At Fair Value £000's
Current:-				
Trade Creditors	2,098	2,098	2,849	2,849
Deposits & other funds	2,265	2,265	2,089	2,089

The Council has no borrowings as at 31 March 2022 (none at 31 March 2021).

Financial Liabilities - where an instrument is due to mature within 12 months the carrying amount is assumed to approximate fair value.

Nature and Extent of Risks Arising from Financial Instruments

The Authority's activities expose it to a variety of financial risks. The key risks are:

- **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;
- **Re-financing risk** - the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- **Market risk** - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates or stock market movements.

Overall procedures for managing risk

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

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

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which is available on the Authority's website.

Credit risk management Practices

The authority's credit risk management practices are set out in the Annual Investment Strategy. With particular regard to determining whether the credit risk of financial instruments has increased significantly since initial recognition.

The Annual Investment Strategy requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Rating Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

Notes to the Accounts (cont....)

The credit criteria in respect of financial assets held by the Council are detailed below:

This Council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

The full Investment Strategy for 2021/22 was approved by Full Council on 22 February 2021 and is available on the Council's website.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

Amounts Arising from Expected Credit Losses

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of uncollectable debts and default over the last five financial years, adjusted to reflect current market conditions:-

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default and collectability over the last five financial years, adjusted to reflect current market conditions:-

31 March 2022	Amount at 31 March 2022 £000's	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2022 %	Estimated maximum exposure to default and uncollectability £000's
Deposit held with Fund	48,993	0	0	0
Sales Ledger	1,318	0.53%	0.53%	7
31 March 2021	Amount at 31 March 2021 £000's	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2021 %	Estimated maximum exposure to default and uncollectability £000's
Deposit held with Fund	34,290	0	0	0
Sales Ledger	1,483	0.29%	0.29%	4

The Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits, with financial instructions.

Credit limits are not generally imposed on customers and clients of Council services.

Notes to the Accounts (cont....)

The sales ledger debt is £1,331k (£1,483k in 2020/21). The sales ledger debt can be analysed by age as follows:

	31 March 2021	Past due but not impaired	31 March 2022	Past due but not impaired
	£000's	£000's	£000's	£000's
Less than a year	1,205	1205	911	911
More than a year	278	160	420	436
Total	1,483	1,365	1,331	1,347

All classes of debt are assessed for impairment based on the type of debt and the historical default rates for that class. The impairment loss provision has been calculated using different percentage rates applied at different stages of the debts age to each class of debt, these have then been aggregated to arrive at the overall impairment provision.

Liquidity risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Treasury Management Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Authority currently has a strategy to take on no long term borrowing. Short term borrowing for cash flow purposes is covered in the Treasury Management Strategy and is limited to £10m in total.

The only financial liability as at 31 March 2022 is the trade and other creditors that are due to be paid in less than one year.

Refinancing and maturity risk

The Council currently has no long term borrowing and maintains a significant investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

Notes to the Accounts (cont....)

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved by Council in the Treasury Management Strategy, see section 2.4 of the Strategy):

	Approved minimum limits	Approved maximum limits	Actual 31 March 2021	Actual 31 March 2022
	%	%	£000's	£000's
Less than 1 year	0	100	0	0
Between 1 and 2 years	0	100	0	0
Between 2 and 5 years	0	100	0	0
Between 5 and 10 years	0	100	0	0
More than 10 years	0	100	0	0

Market risk

Interest rate risk - The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. Changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

Notes to the Accounts (cont....)

According to this assessment, at 31 March 2021, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:-

	2020/21 £000's	2021/22 £000's
Increase in interest receivable on variable rate investments	320	441
Impact on Comprehensive Income and Expenditure Statement	320	441

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Note – Fair Value of Assets and Liabilities carried at Amortised Cost

Price risk - The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds.

Foreign exchange risk - The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

28. Short Term Debtors

	31 March 2021 £000's	31 March 2022 £000's
Central Government	1,405	16,737
Other local authorities	14,464	3,948
Other entities and individuals	7,417	6,158
	<hr/>	<hr/>
	23,286	26,843
Less Provision for bad and doubtful debts:-		
General Revenue Account	(735)	(718)
Housing Benefit overpayments	(109)	0
Collection Fund	(815)	(1,227)
	<hr/>	<hr/>
Total	21,628	24,898

The amount charged in year for bad and doubtful debts amounts to £286k.

Notes to the Accounts (cont....)**29. Short Term Creditors**

	31 March 2021	31 March 2022
	£000's	£000's
Central Government	(6,248)	(10,677)
Other Local Authorities	0	0
Other entities and individuals	(4,793)	(4,757)
Total	(11,041)	(15,434)

30. Provisions

	Insurances	Local Land	NNDR	Total
	£000's	Charges	Appeals	£000's
	£000's	£000's	£000's	£000's
Balance at 1 April 2021	(6)	(12)	(4,456)	(4,474)
Additional Provisions in year	(0)	0	0	(0)
Amounts used in year	0	12	647	659
Balance at 31 March 2022	(6)	(0)	(3,809)	(3,815)

Provisions are charged to the appropriate account in the year that the Authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Settlements are reviewed at the end of the financial year and where this is not required or a lower settlement than anticipated is made the provision is reversed and credited back to the relevant account.

Insurances

The insurance provision covers all insurance claims for which the Council has a potential legal liability. It is expected that these will be resolved within 12 months and any payments due will be made within this period.

Local Land Charges

The original provision was made in respect of a claim by Property Search Companies over the refund of fees paid to the Council to access land charges in the past which has been settled during the year. This provision has now been identified to meet the need to digitise the service required by the Infrastructure Act 2015 which provides for the transfer of responsibility for Local Land Charges from local authorities to Land Registry.

NNDR Appeals

The NNDR Appeals provision covers all appeals against NNDR charges as at 31 March 2021. Appeals are made against the business rate valuations issued as a result of the 2010 and 2017 Rating Lists. Based on local knowledge of settlement of appeals and national trends by property class the sum of £4.4m is deemed an appropriate level of provision.

Notes to the Accounts (cont....)**31. Usable Reserves**

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

	31 March 2021	31 March 2022
	£000's	£000's
Usable Capital Receipts Reserve (Proceeds of asset sales to be used to fund capital expenditure)	(5,596)	(626)
Earmarked Reserves (note 10)	(42,208)	(53,968)
Capital Grants Unapplied Account (Grants received from outside bodies to fund capital expenditure)	(1,614)	(2,981)
General Fund Balance (Resources available to meet future expenditure)	(7,217)	(8,528)
Total	<u>(56,635)</u>	<u>(66,103)</u>

32. Unusable Reserves

	31 March 2021	31 March 2022
	£000's	£000's
Capital Adjustment Account (note 32a)	(42,931)	(48,701)
Revaluation Reserve (note 32b)	(43,360)	(46,665)
Deferred Capital Receipts Reserve (note 32c)	(1,286)	(1,273)
Pensions Reserve (note 32d)	53,073	40,427
Collection Fund Adjustment Account (note 32e)	11,311	4,583
Accumulated Absences Account (note 32f)	314	265
Total	<u>(22,880)</u>	<u>(51,364)</u>

32a. Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

It should be noted that the account is matched by assets within the Balance Sheet and is not resources available to the Authority.

Notes to the Accounts (cont....)

	31 March 2021 £000's	31 March 2021 £000's
Balance at 1 April	(41,809)	(42,931)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment (see items marked (*) in note 9 and 19)	3,377	1,805
Revaluation losses/(gains) on Heritage Assets	0	0
Amortisation of Intangible Assets	177	210
Revenue Expenditure Funded from Capital under Statute	812	481
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	<u>0</u>	<u>455</u>
	4,366	2,950
Adjusting amounts written out of the Revaluation Reserve	<u>(3,076)</u>	<u>(643)</u>
	(40,519)	(40,624)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(1,576)	(5,692)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(725)	(1,900)
Application of grants to capital financing from the Capital Grants Unapplied Account	(12)	(333)
Capital expenditure charged against the General Fund	<u>0</u>	<u>0</u>
	(2,313)	(7,925)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(99)	(153)
Balance at 31 March	<u>(42,931)</u>	<u>(48,702)</u>

32b. Revaluation Reserve

The above Reserve contains gains made by the Authority arising from increases in the value of its assets. The balance is reduced when assets with accumulated gains are revalued downwards or impaired, used in the provision of services and the gains consumed through depreciation, or disposed of and the gains are realised. The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains before that date are consolidated into the balance on the Capital Adjustment Account.

Notes to the Accounts (cont....)

	31 March 2021 £000's	31 March 2022 £000's
Balance at 1 April	(34,172)	(43,360)
Upward revaluation of assets	(12,669)	(3,889)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	<u>405</u>	<u>24</u>
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(12,264)	(3,865)
Difference between fair value depreciation and historical cost depreciation	3,076	642
Accumulated gains on assets sold	<u>0</u>	<u>(82)</u>
Amount written off to the Capital Adjustment Account	3,076	560
Balance at 31 March	<u>(43,360)</u>	<u>(46,665)</u>

32c. Deferred Capital Receipts Reserve

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

	31 March 2021 £000's	31 March 2022 £000's
Balance at 1 April	(1,299)	(1,286)
Transfer to Capital Receipts Reserve upon receipt of cash	13	13
Balance at 31 March	<u>(1,286)</u>	<u>(1,273)</u>

32d. Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to paid.

Notes to the Accounts (cont....)

	31 March 2021	31 March 2022
	£000's	£000's
Balance at 1 April	40,111	53,073
Actuarial (gains) or losses on pensions assets and liabilities	11,447	(15,793)
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	3,882	5,405
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,367)	(2,258)
Balance at 31 March	53,073	40,427

32e. Collection Fund Adjustment Account

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

	31 March 2021	31 March 2022
	£000's	£000's
Balance at 1 April:		
Council Tax	41	77
NNDR	(960)	11,234
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax and business rates income calculated for the year in accordance with statutory requirements:-		
Council Tax - In year	36	(117)
Business Rates - In Year	12,194	(6,611)
Balance at 31 March:		
Council Tax	77	(40)
NNDR	11,234	4,623

32f. Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	31 March 2021	31 March 2022
	£000's	£000's
Balance at 1 April	230	314
Settlement or cancellation of accrual made at the end of the preceding year	84	(49)
Balance at 31 March	314	265

Notes to the Accounts (cont....)**33. Grant Income**

The Council has credited the following grants and contributions to the Comprehensive Income and Expenditure Statement:

	31 March 2021	31 March 2022
	£000's	£000's
Credited to Taxation and Non-Specific Grant Income:-		
Revenue Support Grant	0	0
Redistributed Non-Domestic Rates	32,107	7,125
New Homes Bonus	5,328	4,290
Rural Services Delivery Grant	299	314
Other COVID related grants	9,897	24,152
Other Government Grants	0	0
Capital Grants and Contributions:		
World Shakespeare Centre Feasibility Study - LEP	0	20
Riverside Green Project - LEP	61	1,438
Crooks Lane Play Area - Alcester TC	0	21
Next Steps Accommodation	0	335
Community Infrastructure Levy	245	1,565
Total	47,937	39,260
Credited to Services:-		
DWP subsidy for benefits	19,680	17,900
S106 contributions towards social housing, leisure facilities etc	1,002	228
Disabled Facilities Grant Repayment	6	13
Housing and Homelessness	3,193	669
NNDR Administration Grant	225	240
Various small grants and contributions	12	90
CCTV	75	3
Individual Electoral Registration/Elections	10	0
Neighbourhood Plan Consultation	92	13
Crime Reduction and Anti-Social Behaviour	69	79
Social Transport	0	1
Council Tax/Council Tax Benefits	780	625
Elections	18	28
Local Land Charges	4	82
Policy	3	133
Transparency Grant/Redmond Review	8	27
ICT	10	0
Social Housing Decarbonisation Fund	0	734
Climate Change (E-cargo bikes)	0	61
Total	25,187	20,926

Notes to the Accounts (cont....)

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

Capital Grants/Contributions Receipts in Advance	31 March 2021 £000's	31 March 2022 £000's
Regional Housing Pot (DCLG)	163	163
S106 contributions towards social housing, leisure facilities, car parking etc	4,396	7,444
Total	4,559	7,607

34. Reconciliation of (Surplus)/Deficit to Net Cash Inflow from Revenue Activities

	31 March 2021 £000's	31 March 2022 £000's		
(Surplus)/Deficit on provision of services (page 16)	(18,745)	(18,293)		
Adjustments to net surplus or deficit on the provision of services for non-cash movements:				
Charges for depreciation and impairment	(3,376)	(1,689)		
Amortisation of Intangible Assets	(177)	(210)		
Revenue Expenditure Funded from Capital under Statute	(813)	(481)		
Impairment of capital loan	0	(116)		
Pensions	(1,515)	(3,147)		
Collection Fund	(12,231)	6,728		
Accumulated Absences Account	(84)	49		
Movement in market value of investment properties	99	153		
Movement in the value of Heritage Assets	0	0		
Transfers (from)/to earmarked reserves	(258)	2,258		
Gains/Losses on disposal of non-current assets	0	(373)		
Other (movement in debtors, creditors etc)	<u>19,415</u>	<u>1,060</u>	<u>(7,367)</u>	<u>(4,194)</u>
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities:				
Right to Buy clawback and other windfall receipts	761	708		
Capital Grants/S106 monies used against capital expenditure	<u>1,314</u>	<u>2,075</u>	<u>3,600</u>	<u>4,308</u>
Net cash flows from Operating Activities	(15,610)	(18,179)		

Notes to the Accounts (cont....)**35. Cash Flow Statement – Operating Activities**

The cash flows for operating activities include the following items:

	2020/21 £000's	2021/22 £000's
Interest Paid	0	831
Interest received	(423)	(5,277)
Total	(423)	(4,446)

36. Cash Flow Statement – Investing Activities

	2020/21 £000's	2021/22 £000's
Purchase of property, plant and equipment, investment property and intangible assets	1,512	1,312
Other payments for investing activities	1,015	6,549
Other receipts from investing activities	(2,681)	(7,370)
Total	(154)	491

37. Cash Flow Statement – Financing Activities

	2020/21 £000's	2021/22 £000's
Other payments for financing activities	1,581	(1,831)
Total	1,581	(1,831)

38. Cash and Cash Equivalents

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

	As at 31 March 2021 £000's	As at 31 March 2022 £000's	Movement in year £000's
Bank current accounts	14,943	19,760	4,817
Temporary investments	34,290	48,993	14,703
Total	49,233	68,753	19,520

Notes to the Accounts (cont....)**39. Termination Benefits**

There were six contracts terminated in 2021/22. Details of previous year transactions are shown below:-

Bands	2020/21			2021/22		
	No of Packages Compulsory	No of Packages Other	No of Packages Total	No of Packages Compulsory	No of Packages Other	No of Packages Total
£100,000 - £149,999	0	0	0	0	0	0
£60,000 - £79,999	1	0	1	0	0	0
£40,000 - £59,999	0	0	0	0	0	0
£0,000 - £39,999	2	3	5	4	2	6
Total	3	3	6	4	2	6

Departure costs were paid as follows:-

Bands	2020/21			2021/22		
	£000's Compulsory	£000's Other	£000's Total	£000's Compulsory	£000's Other	£000's Total
£100,000 - £149,999	0	0	0	0	0	0
£60,000 - £79,999	69	0	69	0	0	0
£40,000 - £59,999	0	0	0	0	0	0
£0,000 - £39,999	58	15	73	32	25	57
Total	127	15	142	32	25	57

Notes to the Accounts (cont....)**40. Accruals**

	31 March 2021	31 March 2022
	£000's	£000's
General Fund Provisional Creditors	(3,734)	(3,324)
Capital Provisional Creditors	(280)	(365)
Year End Revenue Purchase Order Accruals	(1,318)	(1,400)
Building Control Fees Prepaid	(147)	(166)
Accumulated Absences Account	(314)	(265)
Total	<u>(5,793)</u>	<u>(5,520)</u>

For a detailed explanation of the purpose of accruals – please see Accounting Policy note ii.

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SUPPLEMENTARY FINANCIAL STATEMENTS**Collection Fund**

2020/21 £000's	Council Tax	2021/22 £000's
	Income	
(108,205)	Income from Council Taxpayers	(115,884)
(1)	Transfers from General Revenue Account:- New property Accrual Adjustment	(1)
<u>(108,206)</u>	Total Income	<u>(115,885)</u>
	Expenditure	
	Precepts and Demands:-	
84,276	Warwickshire County Council	87,313
13,470	Police & Crime Commissioner	14,403
8,158	Stratford-on-Avon District Council	8,490
3,534	Parish Councils	3,711
	Contributions from estimated Collection Fund (Surplus)/Deficit:-	
(584)	Warwickshire County Council	(566)
(93)	Police & Crime Commissioner	(90)
(57)	Stratford-on-Avon District Council	(55)
	Provisions for Bad and Doubtful Debts:-	
155	Council Tax	815
(185)	Council Tax - Write Offs	0
<u>108,674</u>	Total Expenditure	<u>114,021</u>
<u>468</u>	(Surplus)/Deficit for the year	<u>(1,864)</u>
533	Balance at 1 April	1,001
468	(Surplus)/Deficit for the year	(1,864)
<u>1,001</u>	(Surplus)/Deficit balance at 31 March	<u>(863)</u>
	The (surplus)/deficit is split between:-	
77	Stratford-on-Avon District Council	(40)
800	Warwickshire County Council	(676)
124	Police & Crime Commissioner	(147)
<u>1,001</u>		<u>(863)</u>

Collection Fund

2020/21 £000's	Business Rates	2021/22 £000's
	Income	
(28,895)	Income from Business Ratepayers	(46,814)
(28,895)	Total Income	(46,814)
	Expenditure	
	Pool Payments:-	
27,929	Central Government/DCLG	28,432
5,586	Warwickshire County Council	5,686
22,343	Warwickshire & Coventry Business Rates Pool	22,746
	Contributions from estimated NNDR Surplus/(Deficit):-	
(623)	Central Government/DCLG	(12,910)
(125)	Warwickshire County Council	(2,582)
(498)	Warwickshire & Coventry Business Rates Pool	(10,328)
225	Cost of Collection allowance	228
222	Transitional Payment protection due from/ (to) DCLG	180
31	Renewable Energy Payments	29
3,472	Provision for Appeals	(1,617)
	Provisions for Bad and Doubtful Debts:-	
1,058	Business Rates	1,128
(237)	Business Rates - Write Offs	(203)
59,383	Total Expenditure	30,789
30,488	(Surplus)/Deficit for the year	(16,025)
(2,404)	Balance at 1 April	28,084
30,488	(Surplus)/Deficit for the year	(16,025)
28,084	(Surplus)/Deficit balance at 31 March	12,059
	The (surplus)/deficit is split between:-	
11,234	Warwickshire & Coventry Business Rates Pool	4,824
14,042	Central Government	6,029
2,808	Warwickshire County Council	1,206
28,084	Total	12,059

Notes to the Collection Fund

1. General

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund. The Collection Fund shows transactions relating to Council Tax, Business Rates and residual Community Charge. In addition, it illustrates the way in which the income is distributed.

2. Business Rate Pooling

Following the Local Government Finance Bill, with effect from 1 April 2013, the District Council agreed to participate in the Warwickshire & 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; and
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 rate is then split 80% to the Pool and 20% to Warwickshire County Council.

3. Council Tax

Council Tax is calculated by estimating the amount of income required from the Collection Fund by the District Council, Warwickshire County Council and Police & Crime Commissioner for the forthcoming year and dividing this by the Council Tax base.

The Council Tax base for 2021/22 was estimated as follows (**figures have been rounded**):-

Notes to the Collection Fund (cont...)

	Number of Properties	Adjustments for Discounts	Notional Properties	Band 'D' Ratio	Band 'D' Equivalents
Band A *	3	3	6	5/9	3
Band A	1586	1,357	2,943	6/9	1,962
Band B	4486	2,575	7,061	7/9	5,492
Band C	12208	3,027	15,234	8/9	13,542
Band D	8819	438	9,257	9/9	9,257
Band E	10751	-1,768	8,984	11/9	10,980
Band F	8274	-2,494	5,781	13/9	8,350
Band G	8666	-3,441	5,225	15/9	8,708
Band H	1742	-870	872	18/9	1,743
	<u>56,535</u>	<u>-1,173</u>	<u>55,362</u>		<u>60,037</u>

Estimated change to band 'D' equivalent net of discount (new properties)

700

Estimated changes to discounts and exemptions

-140

Estimated changes due to Council Tax Support, empty and homes discounts/exemptions

-3,502

Gross estimate of new taxbase 2021/22

57,095

Add estimated contributions in lieu of Ministry of Defence properties

73

57,168

Less estimated non-collection (0.4%)

-231

Tax Base

56,936

The basic amount of Council Tax for a Band 'D' property is multiplied by the relevant ratio above to calculate the amount due for each property band.

Band 'A'* - represents those taxpayers that are eligible for a disabled reduction. They are charged on the next lower band because there is not a band lower than 'A'. They get a reduction that is calculated as five ninths of the Band D charge.

4. Business Rates

Subject to the effects of transitional arrangements, local businesses pay an amount equivalent to the rateable value of property multiplied by the Government specified national non-domestic rate multiplier for the year. With effect from April 2021 the non-domestic rate multiplier was 49.9p for small businesses and 51.2p for larger businesses. The total non-domestic rateable value at 13 March 2021, used to raise accounts for the District Council area for 2021/22, was £149,105,362.

GLOSSARY OF TERMS

ACCOUNTING POLICIES

The policies and concepts used in the preparation of the accounts.

ACCRUALS

Income and expenditure are shown in the accounts in period they are earned or incurred, not as money is received or paid.

ASSETS

Something this Authority owns that has monetary value – for example, land and buildings.

BALANCE SHEET

A financial statement summarising the Authority's assets, liabilities and other balances at the end of each accounting period.

CAPITAL EXPENDITURE

Expenditure on the acquisition, construction or enhancement of an asset that will be used to provide services for more than one year.

CAPITAL EXPENDITURE FINANCED FROM REVENUE

Revenue resources used to finance capital expenditure.

CAPITAL FINANCING

The various sources of money used to pay for capital expenditure – for example, usable capital receipts, capital grants, capital contributions, Section 106 monies and direct revenue financing.

CAPITAL RECEIPTS

Income from the sale of capital assets, such as land or buildings, which would be available to finance other items of capital expenditure. Capital receipts cannot be used to fund revenue services.

COLLECTION FUND

A separate fund recording the expenditure and income relating to council tax and non-domestic rates.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This account brings together income and expenditure relating to all of the Authority's functions. It demonstrates how the costs have been financed from government grants, income from local taxpayers and other fees and charges.

CREDITORS

Amounts owed by the Authority for work done, goods and services that have been supplied in the accounting period but not paid for.

DEBTORS

Amounts owed to the Authority by others for goods and services that have been supplied but remain unpaid at the end of the accounting period.

DEPRECIATION

This is a charge made to the revenue account each year to reflect the reduction in the value of Property, Plant and Equipment used to deliver services.

EARMARKED RESERVES

Amounts set aside for purposes falling outside the definition of provisions.

GOVERNMENT GRANTS

Grants made by the Government towards either revenue or capital expenditure to help with the provision of services and capital projects. Some government grants have restrictions on how they may be used whilst others are general purpose.

GLOSSARY OF TERMS (continued)

HOUSING BENEFITS

This scheme provides financial assistance towards the domestic rent payments of tenants in registered social landlord accommodation or privately owned accommodation whose incomes fall below prescribed amounts. The governments subsidises the cost of this service.

IMPAIRMENT

This is a reduction in the value of an asset below its carrying amount on the balance sheet arising from damage to the property or a significant reduction in market value.

LIABILITY

A liability is included in the financial statements when the Authority owes money to others – for example, creditors or cash overdrawn.

NON-DISTRIBUTED COSTS

These are costs which cannot reasonably be charged to the cost of individual services and include, for example, contributions to meet pension charges.

PRECEPT

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from council taxpayers on their behalf.

PROVISIONS

Monies set aside to meet any liabilities or losses that are likely or will be incurred but where the amount due or the timing of the payment is not known with any certainty.

RATEABLE VALUE

The annual assumed rental value of a property that is used for business purposes.

RESERVES

Reserves result from the accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the Authority's discretion.

REVENUE EXPENDITURE

Expenditure incurred on the day to day provision of services.

REVENUE SUPPORT GRANT

A general grants paid by the Government to local authorities as a contribution towards the cost of their services.