

STATEMENT OF ACCOUNTS 2022-23

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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 £16.290M, compared to a revised budget of £16.567m. This resulted in a service surplus of £0.277M. Along with the budgeted contribution to the General Fund Reserve, slippage, and other movements such as allocations to and from Earmarked Reserves, this has resulted in an overall General Fund Reserve increase of £2.030M.

£13.008M (inclusive of Parish Precepts) was received from Council Tax payers. The Council Tax levy at Band D was £154.12 per domestic property per year.

The 2022/23 Capital Expenditure Amended Estimate (inclusive of 2021/22 slippage) was £17.033m. 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 2023/24. The final 2022/23 capital expenditure undertaken during the year was £6.125m.

At 31 March 2023 the Council held a total of £10.558M in the General Fund Balance with £6.216m in available capital receipts. The Council had no outstanding debt.

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

NARRATIVE REPORT

1. Introduction

This Statement of Accounts presents the financial position of the Council for the year ended 31 March 2023. 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 mid-2022, the District was estimated to have a population of 138,583 residents with the age profile represented below.

Age Structure	Count	%
0 – 9 years	13,593	9.8%
10 – 19 years	14,354	10.4%
20 – 29 years	12,070	8.7%
30 – 39 years	15,628	11.3%
40 – 49 years	16,580	12.0%
50 – 59 years	21,198	15.3%
60 – 69 years	18,445	13.3%
70 – 79 years	16,812	12.1%
80 years and over	9,903	7.1%

Stratford-on-Avon has an older population when compared with the national averages, with 25.4% of residents aged 65 plus, compared to an England average of 18.6%.

Stratford-on-Avon District has the highest median house price in the West Midlands. As at March 2023, the median house price in the District was £370,000. This compares to £282,000 in England and Wales and £288,000 in Warwickshire.

The number of people employed in the District was 66,400 (March 2023). The claimant count for those out of work was 2.1% (1,635 people) as at March 2023, the GB figure is 3.7%.

NARRATIVE REPORT

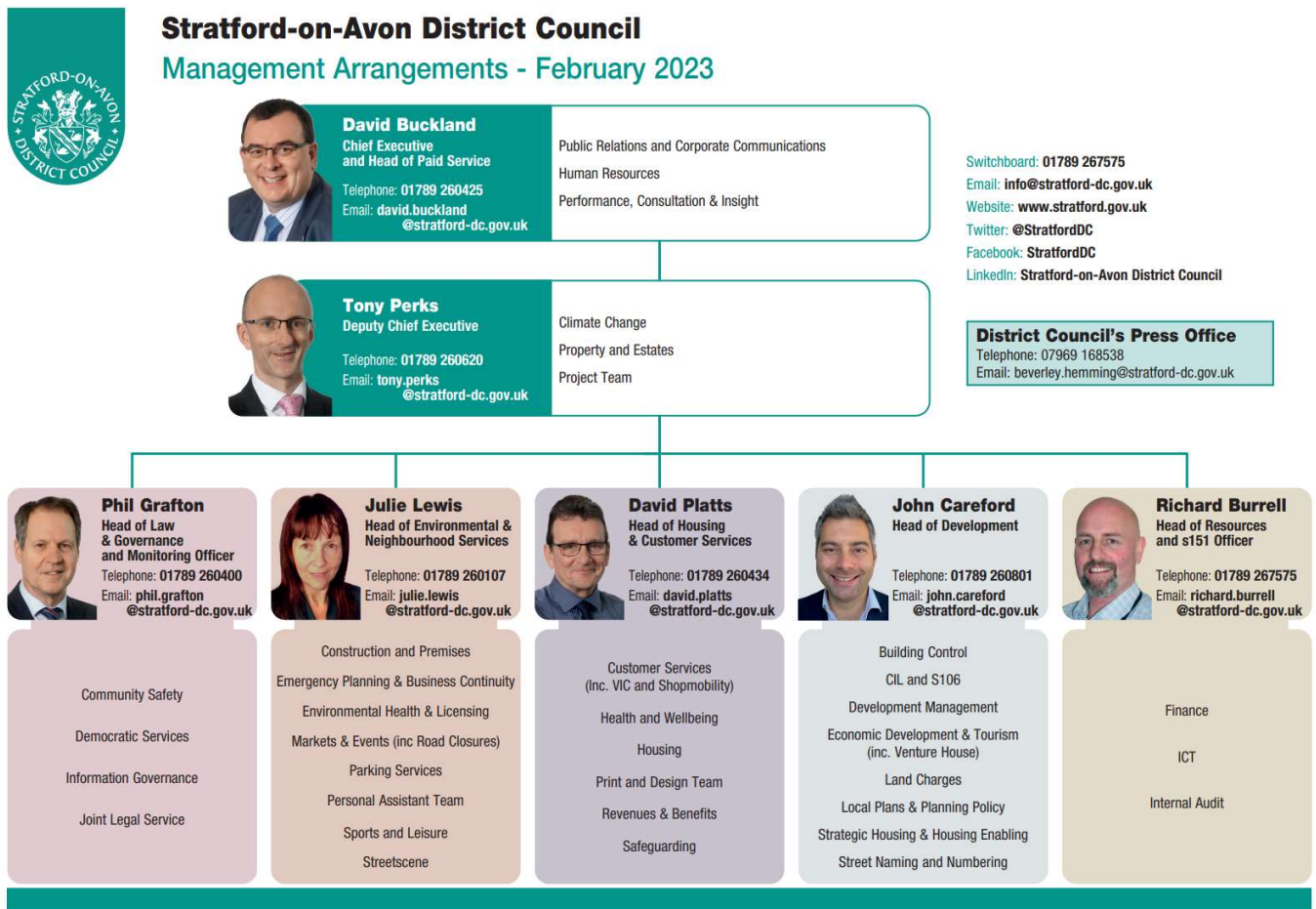
3. About Stratford-on-Avon District Council

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	19 councillors
Liberal Democrat Party	12 councillors
Green Party	1 councillor
Independent	4 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 2022/23. The Council also has specific committees in relation to Planning, Overview and Scrutiny, Regulatory functions, Audit and Standards, and Employment and Appointments.

The Council employs a workforce of approximately 313 staff to manage and deliver services to residents. The management structure for the Council is shown below:



NARRATIVE REPORT

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

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 2022/23 Budgeting Process

The 2022/23 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 £18.703M was approved by the Cabinet and Council in February 2022. The approved budget included an increase in the Council's Council Tax precept of 3.4% (£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 £105M.

5. Financial Performance 2022/23

The net revenue budget approved by the Cabinet and Council in February 2022 was revised to £16.567M. Actual net expenditure for the year was £16.290m. There is a small surplus of £0.3M

	Final Budget	Outturn	Variation *	Variation
	£'000	£'000	£'000	%
Chief Executive	940	818	(122)	(13.0)%
Deputy Chief Executive	76	(940)	(1,016)	(1,336.8)%
Head of Development	2,115	1,748	(367)	(17.4)%
Head of Environmental and Neighbourhood Services	4,465	7,929	3,464	77.6%
Head of Housing Revenues and Customer Services	4,293	5,911	1,618	37.7%
Head of Law and Governance	1,776	1,324	(452)	(25.5)%
Head of Resources	2,902	(2,805)	(5,707)	(196.7)%
Other operating income and expenditure	0			
Total Cost of Services	16,567	13,985	(2,582)	(15.6)%
Reverse management accounting (use of earmarked reserves)	0	2,305	2,305	
Net Cost of Services	16,567	16,290	(277)	(1.7)%

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 funding. 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.

Note 5 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 3rd July 2023. The report can be found here [Cabinet Report Pack 3rd July 2023](#) – Item 8:

NARRATIVE REPORT

The funding of services is as follows:

	Final Budget	Outturn	Variation *	Variation
	£'000	£'000	£'000	%
Funded by:				
Business Rates Retention	(4,586)	5,297	9,883	(215.5)%
Section 31 grant	0	(11,095)	(11,095)	
Section 31 grant repayments	0	25,963	25,963	
Levy payment	0	1,167	1,167	
Council Tax Demand on the Collection Fund (inc precepts)	(13,008)	(13,008)	0	0.0%
Collection Fund (Surplus)/Deficit	(164)	(164)	0	0.0%
Parish precepts	3,904	3,904	0	0.0%
General Grants	(4,542)	(4,493)	49	(1.1)%
Contributions to/(from) Earmarked Reserves	(318)	(1,182)	(864)	271.7%
Contributions to/(from) S31 Earmarked Reserves	0	(24,709)	(24,709)	
Contributions to/(from) General Fund Balance	2,147	2,030	(117)	(5.4)%
Total Funding	(16,567)	(16,290)	277	(1.7)%

Overall, there is £25.891M use of earmarked reserves which relates mainly to the paying back of grants relating to the COVID period.

The Council's General Fund unallocated reserves as at 31 March 2023 totalled £10.558M, and earmarked reserves of £28.077M. 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 £67.224M, and has been analysed by type as shown below:

2021-22		2022-23
Surplus / Deficit on the Provision of Services £'000		Surplus / Deficit on the Provision of Services £'000
14,789	Employee benefits expenses	16,809
34,737	Other service expenses	24,523
1,081	Interest payments	411
1,898	Depreciation, amortisation, impairment etc	2,846
18,103	Housing Benefit payments	19,364
3,711	Precepts and levies	3,904
(708)	Gains on the disposal of assets	(633)
73,611	Total Expenditure	67,224

NARRATIVE REPORT

The Council received gross income of £45.946M. This is analysed by type as follows:

2021-22		2022-23
Surplus / Deficit on the Provision of Services £'000		Surplus / Deficit on the Provision of Services £'000
(11,557)	Fees, charges and other service income	(15,351)
(153)	Investment Properties changes in fair value	(315)
(158)	Interest income	(2,331)
(575)	Investment income	(519)
(19,471)	Council Tax and Non- Domestic Rate income	(12,305)
(43,012)	Grants and Contributions	3,819
(17,787)	Housing Benefit Income	(18,944)
(92,713)	Total income	(45,946)

The capital budget of £1.027M was approved by the Cabinet and Council in February 2022. This was subsequently revised to £17.033M with the addition of schemes brought forward from the previous financial year and further approvals in year. Capital expenditure for 2022/23 was £6.125M.

There was an under-spend on the revised capital programme in 2022/23 of £10.9M. The final capital position, agreed sums to be carried forward to 2023/24 and funding were approved by The Cabinet on 03 July 2023 and can be seen here [Cabinet Report Pack 3rd July 2023](#) – Item 9.

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

Capital Programme Summary

	2022/23 Revised Budget £ (000)	2022/23 Provisional Outturn £ (000)	2022/23 Variance £ (000)
Deputy Chief Executive	2,268	1,577	(691)
Head of Law & Governance and Monitoring Officer	61	0	(61)
Head of Resources and S.151 Officer	767	388	(379)
Head of Development	20	0	(20)
Head of Housing & Customer Services	567	185	(382)
Head of Environmental & Neighbourhood Services	9,714	3,514	(6,200)
S.106 Projects funded by S.106/CIL contributions	3,636	461	(3,175)
Total Capital Programme	17,033	6,125	(10,908)

	2022/23 Revised Budget £ (000)	2022/23 Provisional Outturn £ (000)	2022/23 Variance £ (000)
Funded By:			
External Grants & Contributions	4,269	746	(3,523)
Use of Capital Receipts	0	1,693	1,693
Borrowing Requirement	12,764	3,686	(9,078)
Total Funding	17,033	6,125	(10,908)

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A total of £11.174M 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.

6. Non-Financial Performance 2022/23

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 2022/23.

For the 64 actions agreed for Year 3 of the Plan, 50% of actions had been achieved, 3% partially achieved, 28% were ongoing and 19% were not achieved. 65% of the Key Performance Indicators had been achieved.

The Plan itself

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.

7. Key achievements during 2022/23 include:

- Leisure centres set to launch membership offer for people with Parkinson's.
- Launch of E-Cargo Bike scheme.
- Food caddies for new 123+ waste collection service delivered in preparation of the new service on 1 August.
- Nearly 850 jobs created / safeguarded in Stratford District as part of £1.2m government funding scheme to help businesses with their post-Covid recovery plans.
- Redevelopment starts at Stratford-upon-Avon's Canal Quarter, delivering 500 new homes.
- At the beginning of May 2022, 27,083 eligible residents had been paid the £150 energy rebate rising to £4.26m being paid to 28,445 residents in June.
- Southam Leisure Centre rated 'excellent' following Quest Facilities Plus Assessments.
- In May, the Council agreed to formally withdraw the request to merge with Warwick District Council and create a South Warwickshire Council
- SDC secured a further £135,000 from Central Government for the Long Marston Garden Village development.
- Heart of England Forest receives £499,446 from the Trees Call to Action Fund and will lead a three-year project in partnership with SDC, WDC and Wychavon.

NARRATIVE REPORT

- In July SDC held a six-week public consultation on the Revised Preferred Options version of its Site Allocations Plan.
- SDC works with the Growth Hub to help businesses apply for the £1.2m Additional Restrictions Grant given by the Government, having spent the previous grants allocations.
- In July, the Birmingham 2022 Queen's Baton Relay visited Stratford-on-Avon District.
- SDC administer cost of living payments to residents on means-tested benefits, as part of a government package to help families with the cost-of-living pressures.
- Shipston Leisure Centre working with Stour Health and Wellbeing partnership secures £10K for free activities supporting older adults across the community to become more mobile.
- District leisure centres offer free membership to children in care and care experienced young people.
- New 123+ refuse and recycling service starts in August.
- WCC's new food waste contract with Severn Trent Green Power ensuring that the most is made from household food waste collected in Stratford District
- SDC offers condolences, lowered flag to half-mast and opened a book of condolence following the Queen's death.
- SDC hold proclamation ceremony for King Charles III with Stratford Town Council.
- District Council offices used as a donation point to help Medical Aid Ukraine.
- Over 44,700 households across Stratford-on-Avon District Council helped with the Council Tax Rebate Scheme – the £150 non-repayable rebate for households in England in Council Tax bands A to D – with SDC paying out over £5.74m in the Government provided grant.
- District leisure centres join forces with the JogOn campaign which aims to keep 1million pair of running shoes out of landfill.
- SDC hosts 'Become a District Councillor' event.
- SDC holds public consultation on a revised Part L (Open Space) of the Development Requirements Supplementary Planning Document (SPD) incorporating amendments to the existing Part L
- SDC working with Act on Energy to help residents with energy costs and administer £50K from the Energy Support Fund.
- Consultation held on the final proposals for changes to Stratford-on-Avon Parliamentary Constituency boundaries.
- A further five Neighbourhood Plan Referendums took place during the year for – Tanworth-in-Arden, Bishop's Itchington, Quinton, Fenny Compton and Long Itchington – bringing the total number to 27.
- SDC takes part in the Warwickshire Cost of Living Summit.
- In February 2023 SDC hosted *The Driving Innovation & Growth Summit*, bringing together 50 leading and cutting-edge businesses from across Stratford District and launched Economic Growth Plan.
- Launch of consultation on draft Wellesbourne University Innovation Campus Framework Masterplan Supplementary Planning Document (SPD) the strategic masterplan for the University of Warwick Wellesbourne.
- SDC helps District charities secure over half a million pounds in funding.
- 13 community projects in the District receive a combined total of nearly £2.7m from the District Council's Community Infrastructure Levy.
- Bishop's Itchington and Quinton Neighbourhood Development Plans adopted.
- SDC allocated £2.35m of support for refugees from Afghanistan and Ukraine from the Government's £500m Local Authority Housing Fund (LAHF) – to be used to provide an additional 17 homes in the District.
- SDC secures future of wildlife haven at Knight's Lane, Tiddington.
- Success of SDC's grants awarded to local voluntary and community sector to support the mental wellbeing of young people in the District.
- SDC awards the contract for a Community Builder for the Clopton and Bishopton areas in Stratford-upon-Avon to Warwickshire Community and Voluntary Action (WCAVA).
- Funding for feasibility study in partnership with WDC to help inform the future infrastructure for Electric Vehicle charging approved.
- New Veterans Contact Point – South Warwickshire hub launched.
- SDC approves funding of over £100K to help support the local economy.
- First allocations of the UK Shared Prosperity Fund (UKSPF) for SDC approved.

NARRATIVE REPORT

9. 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 Council was in a strong financial position at the end of 2022/23. 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 2023/24 is £8.4m, significantly above the specified minimum allowing the Council to respond to challenges which lie ahead. In addition, the Council holds earmarked revenue reserves of £25.9m.

The Government's Spending Review of resources remains a significant threat to the Council's funding into the medium term. The financial settlement for 22/23 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 2023, and the outturn for 2022/23 approved by Cabinet in July 2023.

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Reserves Statement	£'000	£'000	£'000	£'000	£'000	£'000
Reserves as at 1 April	10,470	10,670	9,423	10,530	6,887	3,208
Contribution to /(from) Reserves	200	(1,247)	1,107	(3,643)	(3,679)	(157)
Reserves as at 31 March	10,670	9,423	10,530	6,887	3,208	3,051

NARRATIVE REPORT

From this it is clear that the Council currently has sufficient resources until the end of March 2029. 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.

Governance Arrangements:

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

10. Summary Position

The Council is determined to remain well placed through its Business Plan and Five-Year Plan to meet the ongoing financial challenges.

11. 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

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 16 to 91 as presented give a true and fair view of the financial position of Stratford-on-Avon District Council as at 31 March 2023 and its income and expenditure for the year ended 31 March 2023.

Signature:

Date 12 July 2024

Head of Resources and S151 Officer

STATEMENT OF RESPONSIBILITIES

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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.

	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2022/23							
Balance at 1 April 2022	(8,528)	(53,968)	(626)	(2,981)	(66,103)	(51,365)	(117,468)
Prior period adjustment	0	0	0	0	0	(85)	(85)
Movement in Reserves in 2022/23:							
Surplus (deficit) on the provision of services (accounting basis)	21,278	0	0	0	21,278	0	21,278
Other Comprehensive Income and Expenditure	0	0	0	0	0	(37,035)	(37,035)
Total Comprehensive Income and Expenditure	21,278	0	0	0	21,278	(37,120)	(15,842)
Adjustments between accounting and funding basis under regulation - note 6	2,569	0	(5,616)	(1,144)	(4,191)	4,191	0
Net increase/decrease before transfers to Earmarked reserves	23,847	0	(5,616)	(1,144)	17,087	(32,929)	(15,842)
Transfers to/from Earmarked reserves - note 11	(25,891)	25,891	0	0	0	0	0
(Increase)/Decrease in Year	(2,044)	25,891	(5,616)	(1,144)	17,087	(32,929)	(15,842)
Balance at 31 March 2023	(10,572)	(28,077)	(6,242)	(4,125)	(49,016)	(84,294)	(133,310)

FINANCIAL STATEMENTS

Movement in Reserves Statement

	General Fund Balance	Ear-marked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2021/22							
Balance at 1 April 2021	(7,217)	(42,208)	(5,596)	(1,614)	(56,636)	(22,880)	(79,516)
Movement in Reserves in 2021/22:							
(Surplus)/deficit on the provision of services (accounting basis)	(19,102)	0	0	0	(19,102)	0	(19,102)
Other Comprehensive Income and Expenditure	0	0	0	0	0	(18,850)	(18,850)
Total Comprehensive Income and Expenditure	(19,102)	0	0	0	(19,102)	(18,850)	(37,952)
Adjustments between accounting and funding basis under regulation - <i>note 6</i>	6,031	0	4,970	(1,367)	9,634	(9,634)	0
Net increase/decrease before transfers to Earmarked reserves	(13,071)	0	4,970	(1,367)	(9,468)	(28,484)	(37,952)
Transfers to/from Earmarked reserves - <i>note 11</i>	11,760	(11,760)	0	0	0	0	0
Increase/(Decrease) in Year	(1,311)	(11,760)	4,970	(1,367)	(9,468)	(28,484)	(37,952)
Balance at 31 March 2022	(8,528)	(53,968)	(626)	(2,981)	(66,104)	(51,364)	(117,468)

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.

2021-22 re-stated				2022-23		
Expenditure	Income	Net		Expenditure	Income	Net
£'000	£'000	£'000		£'000	£'000	£'000
789	(5)	784	Chief Executive	948	(40)	908
953	(1,047)	(94)	Deputy Chief Executive	883	(703)	180
5,592	(2,697)	2,895	Head of Development	5,703	(2,949)	2,754
2,361	(338)	2,023	Head of Law and Governance	20,473	(10,672)	9,801
3,705	(226)	3,479	Head of Resources	22,418	(18,194)	4,224
26,114	(21,439)	4,675	Head of Housing Revenues and Customer Services	3,001	(868)	2,133
23,440	(24,040)	(600)	Head of Environmental and Neighbourhood Services	6,387	(2,782)	3,605
62,954	(49,792)	13,162	Cost of Services	59,813	(36,208)	23,605
3,711	0	3,711	Parish Council Precepts	3,904	0	3,904
(708)	0	(708)	Right to buy clawback and other windfall receipts	(470)	0	(470)
0	0	0	Loss/(Gains) on the disposal of assets	(163)		(163)
3,003	0	3,003	Other Operating Expenditure	3,271	0	3,271
1,081	0	1,081	Net interest on defined pension liabilities	1,115	0	1,115
0	(129)	(129)	Interest receivable and similar income	0	(2,331)	(2,331)
116	0	116	Impairment capital loan	0	0	0
0	(153)	(153)	Changes in fair value of investment properties	0	(315)	(315)
133	(575)	(442)	Income and expenditure in relation to investment properties	287	(519)	(232)
2,614	(3,318)	(704)	Trading Operations	2,738	(2,717)	21
3,944	(4,175)	(231)	Financing and Investment Income and Expenditure	4,140	(5,882)	(1,742)
0	(12,263)	(12,263)	Council Tax Income	0	(12,972)	(12,972)
0	(7,207)	(7,207)	Non Domestic Rates	0	666	666
0	(12,207)	(12,207)	Non-ringfenced government grants	0	10,319	10,319
0	(3,359)	(3,359)	Capital grants and contributions	0	(1,869)	(1,869)
0	(35,036)	(35,036)	Taxation and non-specific grant income and expenditure	0	(3,856)	(3,856)
69,901	(89,003)	(19,102)	(Surplus) or Deficit on Provision of Services	67,224	(45,946)	21,278
	(3,077)		Surplus on revaluation of non-current assets.			4,170
	(15,793)		Remeasurement of the net defined benefit pension liability			(41,205)
	(18,870)		Other Comprehensive Income and Expenditure			(37,035)
	(37,972)		Total Comprehensive Income and Expenditure			(15,757)

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'.

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FINANCIAL STATEMENTS

Balance Sheet

31 March 2022 £'000			31 March 2023 £'000
74,057	Property, Plant and Equipment	<i>Note 14</i>	68,284
11,428	Investment Properties	<i>Note 15</i>	11,088
	Equity Shareholdings		0
3,674	Heritage Assets		4,905
635	Intangible Assets		364
0	Long Term Investments		126
7,292	Long Term Debtors	<i>Note 30</i>	10,751
97,086	LONG TERM ASSETS		95,518
25,108	Short Term Debtors	<i>Note 21</i>	12,584
80	Inventories		97
48,993	Short Term Investments		50,177
19,760	Cash and Cash Equivalents	<i>Cash Flow</i>	16,155
93,941	CURRENT ASSETS		79,013
(15,434)	Short Term Creditors	<i>Note 22</i>	(21,652)
(5,520)	Accruals		(4,261)
(3,815)	Provisions	<i>Note 29</i>	(3,815)
(24,769)	CURRENT LIABILITIES		(29,728)
(7,627)	Capital grants receipts in advance	<i>Note 9</i>	(8,675)
(735)	Long Term Creditors		(679)
(40,427)	Net Defined Pension liability	<i>Note 8</i>	(2,139)
(48,789)	LONG TERM LIABILITIES		(11,493)
117,469	NET ASSETS		133,310
(8,528)	General Fund		(10,559)
(53,968)	Earmarked Reserves	<i>Note 11</i>	(28,077)
(626)	Capital Receipts Reserve		(6,242)
(2,981)	Capital grants and contributions		(4,125)
(66,103)	USABLE RESERVES		(49,003)
(46,665)	Revaluation Reserve		(38,877)
(48,702)	Capital Adjustment Account		(45,442)
(1,273)	Deferred capital receipts		(1,259)
40,427	Pensions Reserve		2,139
4,583	Collection Fund Adjustment Account		(1,169)
264	Accumulated Absences Account		301
(51,366)	UNUSABLE RESERVES	<i>Note 12</i>	(84,307)
(117,469)	TOTAL RESERVES		(133,310)

Date: 12 July 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.

2021-22 Re-stated £'000		2022-23 £'000
(18,293)	Net (surplus) / deficit for the year	21,278
(4,194)	Adjustments to net surplus or deficit on the provision of services for non-cash movements (note 33)	(17,870)
4,308	The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities (note 34)	3,157
(18,179)	Net cashflows from operating activities	6,565
0	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,288)
1,312	Purchase of property, plant and equipment, investment property and intangible assets	2,238
30,000	Purchase of short-term and long-term investments	0
(15,000)	Proceeds from the sale of short-term and long-term investments	0
6,549	Other payments for investing activities	4,870
(7,667)	Other receipts from investing activities	(2,917)
15,194	Net cashflows from investing activities	2,903
0	Cash Receipts - long/short term borrowing	0
0	Repayments of long/short term borrowing	0
0	Changes in Council Tax balances held for preceptors	2,772
0	Changes in National Non-Domestic Rates balances held for preceptors	(8,409)
(1,831)	Other payments for financing activities	(226)
(1,831)	Net cashflows from financing activities	(5,863)
(4,816)	Net (Increase) / decrease in cash and cash equivalents	3,605
14,944	Cash and cash equivalents 1 April	19,760
4,816	Net increase / (decrease) in cash and cash equivalents	(3,605)
19,760	Cash and cash equivalents 31 March	16,155

NOTES TO THE ACCOUNTS

The notes on pages 21 to 84 form part of the financial statements.

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NOTES TO THE ACCOUNTS

1. Accounting Policies

i. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2022/23 financial year and its position at the year end of 31 March 2023. 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.

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

NOTES TO THE ACCOUNTS

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 recharging of overheads and support services is not reflected in any part of these accounting statements and notes.

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.

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.

NOTES TO THE ACCOUNTS

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 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

NOTES TO THE ACCOUNTS

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.

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.

NOTES TO THE ACCOUNTS

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 2022/23.

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.

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).

NOTES TO THE ACCOUNTS

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.

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.

NOTES TO THE ACCOUNTS

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.

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.

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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

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

NOTES TO THE ACCOUNTS

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.

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.

NOTES TO THE ACCOUNTS

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 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.

Medium Term Financial Strategy

The financial projections for the next 5 years were presented to Council in February 2023 as part of the 2022/23 Budget Setting and Council Tax report and were subsequently revisited for 2023/24 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.

NOTES TO THE ACCOUNTS

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 2023 £8.4m). The numbers reported reflect the balances for the period 2022/23.

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.

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

The Council is required to disclose information relating to the impact of an accounting change required by a new standard that has been issued, but not yet adopted, in the 2022/2023 financial statements.

For the 2022/2023 accounts the accounting changes to disclose are in relation to:

- IFRS 16 Leases,
- Application of IFRS 16 to PFI/PPP arrangements,
- Definition of Accounting Estimates (Amendments to IAS 8) – amendments help to distinguish between accounting policies and accounting estimates,
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – amendments provide guidance on the application of materiality judgements to accounting policy disclosures,
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – amendments require recognition in company accounts of deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences,
- Updating a reference to the Conceptual Framework (Amendments to IFRS 3 “Business Combinations”) – amendments update an outdated reference without significantly changing its requirements. The accounting changes relating to IFRS 16 will not impact on the Council as the Council has not decided to voluntarily implement IFRS 16 in 2022/2023 or 2023/2024. The other accounting changes detailed above are not anticipated to have a material impact on the financial statements of the Council.

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

- 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.

NOTES TO THE ACCOUNTS

- 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

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

All valuations are dated 31 March 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.

NOTES TO THE ACCOUNTS

The items in the Authority's Balance Sheet at 31 March 2023 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
<p>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.</p>	<p>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.</p>
<p>The Authority has made provision of £3.82m for various claims, the details of which can be found in note 8. 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.</p>	<p>An increase over the forthcoming year of 10% in settlements would add £382k to the provision needed.</p>
<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the authority with expert advice about the assumptions to be applied.</p>	<p>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 £1.813m. However, the assumptions interact in complex ways. During 2022/23, the Authority's actuaries advised that the change in financial assumptions had decreased the liability by £52.494m. Overall the net liability has changed by £38.288m during the year.</p>
<p>At 31 March 2023, the Authority had a balance of debtors for £12.584M (note 21). A review of the significant balances suggested that an impairment of doubtful debts of £1.822M was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.</p>	<p>If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £1.822M set aside as an allowance.</p>

NOTES TO THE ACCOUNTS

5. Expenditure and Funding Analysis

The EFA shows how the Council's annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) in comparison with those resources the Council consumes or earns in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision-making purposes between the Council's Directorates.

Net Expenditure Chargeable to the GF balance is as reported to Management throughout the year except that:

- it excludes depreciation, which is included as an adjustment between funding and accounting basis,
- net income relating to investment property is included in other income and expenditure in accordance with generally accepted accounting practices.

2021-22			2022-23		
Net Expenditure Chargeable to General Fund	Re-stated Adjustments between Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to General Fund	Adjustments between Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000	£'000	£'000	£'000
693	91	784	818	90	908
(354)	260	(94)	(940)	1,040	180
2,232	663	2,895	1,748	1,006	2,754
1,680	343	2,023	7,929	1,952	9,801
3,077	402	3,479	5,911	598	4,224
3,999	676	4,675	1,324	809	2,133
(1,871)	1,271	(600)	(2,805)	4,135	3,605
0	0	0	2,305	(2,304)	0
9,456	3,706	13,162	16,290	7,326	23,605
(22,527)	(9,737)	(32,264)	7,571	(9,895)	(2,327)
(13,071)	(6,031)	(19,102)	23,861	(2,569)	21,278

NOTES TO THE ACCOUNTS

2021-22			2022-23			
Earmarked Reserves	Re-stated General Fund	Total		Earmarked Reserves	General Fund	Total
£'000	£'000	£'000		£'000	£'000	£'000
(42,208)	(7,217)	(49,425)	Opening balances	(53,968)	(8,528)	(62,496)
0	(13,071)	(13,071)	(Surplus) or Deficit on Provision of Services	0	23,861	23,861
(11,760)	11,760	0	Transfers between General Fund and earmarked reserves	25,891	(25,891)	0
<u>(53,968)</u>	<u>(8,528)</u>	<u>(62,496)</u>	Closing General Fund balance	<u>(28,077)</u>	<u>(10,558)</u>	<u>(38,635)</u>

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NOTES TO THE ACCOUNTS

Notes to the Expenditure and Funding Analysis

	Financing and Accounting Adjustments				
	Capital and Assets	Pensions	Tax Collection	Other	Total
	£'000	£'000	£'000	£'000	£'000
2022-23					
Chief Executive	0	85	0	5	90
Deputy Chief Executive	190	33	0	817	1,040
Head of Development	0	580	0	426	1,006
Head of Environmental and Neighbourhood Services	2,263	214	0	(525)	1,952
Head of Housing Revenues and Customer Services	3	479	0	116	598
Head of Law and Governance	148	213	0	448	809
Head of Resources	455	198	0	3,482	4,135
Other operating expenditure	0	0	0	(2,304)	(2,304)
Cost of Services	3,059	1,802	0	2,465	7,326
Other Income and Expenditure from the Expenditure and Funding Analysis	(2,817)	1,115	(5,752)	(2,441)	(9,895)
Total for 2022-23	242	2,917	(5,752)	24	(2,569)

	Financing and Accounting Adjustments				
	Capital and Assets	Pensions	Tax Collection	Other	Total
	£'000	£'000	£'000	£'000	£'000
2021-22 re-stated					
Chief Executive	0	91	0	0	91
Deputy Chief Executive	214	47	0	(1)	260
Head of Development	0	680	0	(17)	663
Head of Law and Governance	143	204	0	(4)	343
Head of Resources	183	229	0	(10)	402
Head of Housing Revenues and Customer Services	131	554	0	(9)	676
Head of Environmental and Neighbourhood Services	1,018	261	0	(8)	1,271
Cost of Services	1,689	2,066	0	(49)	3,706
Other Income and Expenditure from the Expenditure and Funding Analysis	(4,091)	1,081	(6,727)	0	(9,737)
Total for 2021-22	(2,402)	3,147	(6,727)	(49)	(6,031)

NOTES TO THE ACCOUNTS

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.

Net Change Taxation Adjustment

(3) 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.

Other Differences

(4) 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.
- It represents adjustments for employee benefits.
- It represents differences between management accounting and the statutory accounting basis.

NOTES TO THE ACCOUNTS

6. 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

Adjustments between Accounting Basis and Funding Basis under Regulations

	General Fund Balance	Capital Receipts reserve	Capital grants unapplied	Unusable Reserves	Total
	£'000	£'000	£'000	£'000	£'000
2022-23					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Amortise Intangible Assets	(186)	0	0	186	0
Depreciation and impairment of non-current assets	(2,660)	0	0	2,660	0
Movements in value of Investment Properties	315	0	0	(315)	0
Disposal of non-current assets	(655)	0	0	655	0
Capital receipts to Usable Capital Receipts Reserve	1,288	(1,288)	0	0	0
Capital grants and contributions to Capital Grants Unapplied Reserve	1,869	0	(1,890)	0	(21)
Difference between accounting and statutory employment benefit	(36)	0	0	36	0
Difference between accounting and statutory credit for Council Tax	307	0	0	(307)	0
Difference between accounting and statutory credit for Non-Domestic Rates	5,445	0	0	(5,445)	0
Revenue Expenditure Financed from Capital under Statute	(201)	0	0	201	0
Difference between accounting and statutory credit for pension costs	(2,917)	0	0	2,917	0
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</i>					
Capital receipts (prior year adjustment)	0	(6,022)	0	6,022	0
Capital receipts financing loans	0	226	0	(226)	0
Capital receipts loans	0	(226)	0	226	0
Other adjustments	0	0	0	0	0
Capital expenditure financed from Capital Receipts	0	1,694	0	(1,694)	0
Capital expenditure financed from Capital grants and contributions	0	0	746	(746)	0
Total for 2022-23	2,569	(5,616)	(1,144)	4,170	(21)

NOTES TO THE ACCOUNTS

	General Fund Balance	Capital Receipts reserve	Capital grants unapplied	Unusable Reserves	Total
	£'000	£'000	£'000	£'000	£'000
2021-22 re-stated					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Amortise Intangible Assets	(209)	0	0	209	0
Depreciation and impairment of non-current assets	(1,689)	0	0	1,689	0
Movements in value of Investment Properties	153	0	0	(153)	0
Disposal of non-current assets	0	0	0	0	0
Capital receipts to Usable Capital Receipts Reserve	708	(708)	0	0	0
Capital grants and contributions to Capital Grants Unapplied Reserve	1,700	0	(1,700)	0	0
Difference between accounting and statutory employment benefit	49	0	0	(49)	0
Difference between accounting and statutory credit for Council Tax	117	0	0	(117)	0
Difference between accounting and statutory credit for Non-Domestic Rates	6,610	0	0	(6,610)	0
Revenue Expenditure Financed from Capital under Statute	0	0	0	0	0
Difference between accounting and statutory credit for pension costs	(3,147)	0	0	3,147	0
Capital Grants and Contributions applied	1,900	0	0	(1,900)	0
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement					
Capital expenditure financed from revenue	(161)	0	0	161	0
Statutory Charge MRP					0
Deferred Capital Receipts	0	(13)	0	13	
Capital expenditure financed from Capital Receipts	0	5,691	0	(5,691)	0
Capital expenditure financed from Capital grants and contributions	0	0	333	(333)	0
Total for 2021-22	6,031	4,970	(1,367)	(9,634)	0

NOTES TO THE ACCOUNTS

7. Income and Expenditure by nature

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

2021-22		2022-23
Surplus / Deficit on the Provision of Services		Surplus / Deficit on the Provision of Services
£'000		£'000
14,789	Employee benefits expenses	16,809
34,737	Other service expenses	24,523
1,081	Interest payments	411
1,898	Depreciation, amortisation, impairment etc	2,846
18,103	Housing Benefit payments	19,364
3,711	Precepts and levies	3,904
(708)	Gains on the disposal of assets	(633)
<u>73,611</u>	Total Expenditure	<u>67,224</u>
(11,557)	Fees, charges and other service income	(15,351)
(153)	Investment Properties changes in fair value	(315)
(158)	Interest income	(2,331)
(575)	Investment income	(519)
(19,471)	Council Tax and Non-Domestic Rate income	(12,305)
(43,012)	Grants and Contributions	3,819
(17,787)	Housing Benefit Income	(18,944)
<u>(92,713)</u>	Total income	<u>(45,946)</u>
<u>(19,102)</u>	Net	<u>21,278</u>

NOTES TO THE ACCOUNTS

8. 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

The following transactions have been made in the CIES and the GF Balance via the MIRS during the year:

2021/22 £'000		2022-23 £'000
	Comprehensive Income and Expenditure Statement	
4,324	Current Service Cost	4,195
0	Curtailments	0
4,324	Cost of Services	4,195
1,081	Net interest expense	1,115
1,081	Financing and Investment Income and Expenditure	1,115
5,405	Total Post Employment Benefit Charged to the Surplus/Deficit on the Provision of Services	5,310
(6,229)	Return on plan assets, less included in interest expense	(4,115)
0	Actuarial gains & losses:	0
(587)	Changes in demographic assumptions	937
(8,603)	Changes in financial assumptions	52,494
(374)	Other	(8,111)
(15,793)	Remeasurement of the net defined benefit liability	41,205
4,722	Total Comprehensive Income and Expenditure Statement	46,515
	Movement in Reserves Statement	
(5,405)	Reversal of items relating to retirement benefit debited or credited to the Comprehensive Income and Expenditure Statement	(5,310)
2,258	Employer's pension contributions and direct payments to pensioners payable in the year	2,393
(3,147)	Total taken to Note 6	(2,917)

NOTES TO THE ACCOUNTS

Pension 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 plan is as follows:

2021/22		2022-23
£'000	Reconciliation of Fair Value of Employer Assets (scheme Assets):	£'000
102,454	Value of Assets at 1 April	110,688
2,037	Interest income on plan assets	2,970
576	Contributions by Members	612
2,258	Contributions by the Employer	2,298
6,229	Return on assets excluding amounts recognised in Other Comprehensive Income	(4,115)
1,075	Other experience	
(3,843)	Benefits Paid	(4,115)
(98)	Unfunded benefits paid	(95)
0	Contributions towards unfunded benefits	95
110,688		108,338
2021/22		2022-23
£'000	Reconciliation of Defined Benefit Obligation (scheme Liabilities):	£'000
(155,527)	Value of Liabilities at 1 April	(151,115)
(4,324)	Current Service Cost	(4,195)
(3,118)	Interest Cost	(4,085)
(576)	Contribution by Members	(612)
	Actuarial Gains and (Losses):	
587	Change in demographic assumptions	937
8,603	Change in financial assumptions	52,494
(701)	Other experience gains and (losses)	(8,111)
0	Losses on Curtailments	0
3,941	Benefits Paid	4,115
	Unfunded benefits paid	95
(151,115)		(110,477)
(40,427)	Net Liability at 31st March	(2,139)

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 assumption about mortality rates, salary levels etc. The County Council fund liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries. The Actuary has prepared the figures by applying a 'roll-forward' approach to the last formal valuation, which was as at 31 March 2022. The main financial assumptions used in their calculation have been:

2021/22		2022-23
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
23.1	Men	21.9
25.5	Women	24.3
	Longevity at 45 for future pensioners:	
24.8	Men	23.0
27.3	Women	26.1

NOTES TO THE ACCOUNTS

2021/22

3.2	Rate of inflation (RPI)
3.2%	Rate of inflation (CPI)
4.2%	Rate of increase in salaries
3.2%	Rate of increase in pensions
2.7%	Rate for discounting scheme liabilities
65.0%	Take-up of option to convert annual pension into retirement lump sum:

2022-23

3.00%
3.00%
4.00%
3.00%
4.75%
65.00%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analyses changes while all the other assumptions remain constant. The assumptions in longevity for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method.

31 March 2022			Asset Category	31 March 2023		
Quoted Prices in Active Markets	Prices not quoted in Active markets	Total		Quoted Prices in Active Markets	Prices not quoted in Active markets	Total
%	%	%		%	%	
0.02%	0.02%	0.04%	Equities	0.00%	0.04%	0.04%
6.19%	2.98%	9.17%	Debt Securities	12.30%	3.70%	16.00%
6.73%	7.11%	13.84%	Private Equity	0.00%	7.40%	7.40%
9.85%	0.00%	9.85%	Real Estate	9.20%	0.00%	9.20%
59.94%	5.06%	65.00%	Investment Funds and Unit Trusts	59.16%	7.00%	66.16%
2.10%	0.00%	2.10%	Cash	1.20%	0.00%	1.20%
84.83%	15.17%	100.00%	Totals	81.86%	18.14%	100.00%

Sensitivity analyses on the Present Value of the Defined Benefit Obligation

Change in assumptions in the year	Approximate Increase to Employer	Approximate monetary amount £000s
Rate for discounting scheme liabilities (decrease by 0.1%)	2%	1,813
1 year increase in member life expectancy	4%	4,419
Rate of increase in salaries (increase by 0.1%)	0%	227
Rate of increase in pensions (increase by 0.1%)	1%	1,610

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, the Actuary has estimated that a one-year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by 4%. In practise 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 predominantly apply at younger or older ages).

NOTES TO THE ACCOUNTS

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Funding levels are monitored on an annual basis. The triennial valuation carried out as at 31 March 2023 applies from 1 April 2024.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service pension schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

The net liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £2.1 million has an 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 will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

A summary of the membership is based on the last actuarial valuation date 31 March 2022.

	31 March 2019	31 March 2022
Active Members	46,496.00	53,065.00
Deferred pensioners	27,980.00	34,264.00
Pensioners	64,658.00	72,499.00
Totals	139,134.00	159,828.00
Funding level	92%	104%

The estimated employer's contribution for the period to 31 March 2024 will be approximately £2,176,000.

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>.

9. Grant Income

Government grants, third party contributions and donations are recognised as due to the Council when it is reasonable to conclude that:

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

Amounts are recognised credited to the CIES when conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Where conditions have not been satisfied, grants and contributions are carried in the Balance Sheet as creditors. When conditions are satisfied grants and contributions are credited to the CIES:

- attributable revenue grants and contributions are credited to the relevant service line.
- non-ring-fenced revenue grants and all capital grants are credited to Taxation and Non-Specific Grant Income.

NOTES TO THE ACCOUNTS

Where capital grants and contributions are credited to the CIES, they are reversed out of the GF Balance in the MIRS. Where a contribution has yet to be used to finance capital expenditure, it is posted to the Capital Contributions Unapplied reserve. Where a grant or contribution has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Contributions Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Where it is uncertain whether a grant or contribution will be used for capital or revenue purposes, the grant will be credited to an earmarked reserve.

The Council credited the following grants, contributions and donations to the CIES.

2021/22 £'000		2022/23 £'000
(17,900)	DWP benefits grants	(18,944)
0	CARF grant repaid	3,582
0	Afghan & Ukraine Homes	(706)
(669)	Housing and Homelessness	(544)
(240)	NNDR Administration grant	(232)
0	Discretionary Housing Payments	(117)
(625)	Council Tax/ Council Tax benefits	(114)
0	CIL admin	(90)
(734)	Social Housing Decarbonisation Fund	(612)
0	Energy Rebates	(253)
0	UK Shared Prosperity Fund	(286)
(24,512)	Other COVID related grants	(4,350)
(554)	Other Grants and Contributions	(910)
(45,234)	Total within Cost of Services	(23,576)
0	Revenue Support Grant	0
(7,125)	s31 Grant re: business rates	14,813
(4,290)	New Homes Bonus	(3,804)
(314)	Rural Services Delivery Grant	(314)
0	Services Grant	(170)
0	Lower Tier Services Grant	(205)
(478)	Other Government Grants	0
	Capital Grants and Contributions:	
(20)	World Shakespeare Centre Feasibility Study - LEP	0
(1,438)	Riverside Green project - LEP	0
(21)	Crooks Lane Play Area - Alcester TC	0
(335)	Next Steps Accommodation	0
(1,565)	Community Infrastructure Levy	(1,373)
21	Other Capital Grants and Contributions	(496)
(15,565)	Total within Taxation and non-specific grant income	8,451
(60,799)	Total income from grants and contributions	(15,125)

NOTES TO THE ACCOUNTS

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:-

31 March 2022	£'000	31 March 2023	£'000
	Amounts falling due within one year:		
	0 S106		0
	0 Other		0
	0		0
	Amounts falling due after one year (all other bodies)		
	(7,464) S106		(8,491)
	(163) Other		(163)
	(7,627)		(8,654)
	Total long term capital grants received in advance		(8,654)

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NOTES TO THE ACCOUNTS

10. 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 12 July 2024. All events relevant to the financial year ended 31 March 2023 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.

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NOTES TO THE ACCOUNTS

11. 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.

Description	Balance at 31 March 2021 £'000	Transfers out 2021/22 £'000	Transfers in 2021/22 £'000	Balance at 31 March 2022 £'000	Transfers out 2022/23 £'000	Transfers in 2022/23 £'000	Balance at 31 March 2023 £'000
Building Control Trading Surplus/Deficit	(12)	32	0	20	67	(52)	35
Revenue Borrowing Reserve	(750)	750	0	0	0	0	0
Planning Policy Reserve	(53)	0	0	(53)	0	0	(53)
Revenue Funding of Capital Expenditure	(2,964)	1,379	0	(1,585)	490	0	(1,095)
Core Strategy Funding	(650)	27	(650)	(1,273)	160	(300)	(1,413)
Climate Change Initiatives	(482)	67	(11)	(426)	115	(524)	(835)
Contracts Consultancy Advice	(11)	7	(20)	(24)	3	0	(21)
Play Area Alcester	(20)	20	0	0	0	0	0
EDMO future project	(6)	0	0	(6)	0	135	129
Enforcement Team Contracts	(14)	14	0	0	0	0	0
Rural Broadband	(180)	129	0	(51)	0	0	(51)
Transformation Projects	(97)	97	0	0	0	0	0
Commonwealth Games	(23)	0	0	(23)	9	0	(14)
Wellesbourne Airfield Strategy	(937)	39	0	(898)	36	0	(862)
Planning Policy Reserve	(149)	58	0	(91)	42	0	(49)
Economic Recovery Reserve	(200)	0	0	(200)	23	0	(177)
Land Charges Project	(36)	36	0	0	0	0	0
Henley Street Project	(9)	9	0	0	0	0	0
Long Marston LMA - Garden Village	(488)	163	(135)	(460)	165	(5)	(300)
Neighbourhood Plan	(50)	41	(80)	(89)	60	(92)	(121)
Community Led Housing Fund	(195)	10	0	(185)	10	0	(175)
Depot Dilapidations	(6)	0	0	(6)	0	0	(6)
Homelessness Prevention Reserve	(277)	0	0	(277)	0	0	(277)
Local Authority EU Exit Preparations	(44)	0	0	(44)	44	0	0
Pocket Parks Grant Funding - Gaydon	(3)	3	0	0	0	0	0
Social Housing Decarbonisation Fund	(1,449)	1,458	(743)	(734)	117	0	(617)
Environmental Health Staffing	(51)	22	0	(29)	29	0	0
Test and trace	(6)	6	0	0	0	0	0
National Leisure Recovery Fund Grant	(175)	175	0	0	0	0	0
Individual Electoral Registration (IER)	(10)	0	0	(10)	10	0	0

NOTES TO THE ACCOUNTS

Description	Balance at 31 March 2021	Transfers out 2021/22	Transfers in 2021/22	Balance at 31 March 2022	Transfers out 2022/23	Transfers in 2022/23	Balance at 31 March 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Green Home Grant (LADS)	(1,329)	155	0	(1,174)	1,227	(53)	0
Flexible Homelessness Support Grant	(294)	0	0	(294)	0	0	(294)
Rough Sleeper Initiative	(121)	121	0	0	0	0	0
Fred Winter Centre	(10)	0	0	(10)	10	0	0
Covid-19 Funding Reserve	(2,503)	0	(8,918)	(11,421)	1,573	(665)	(10,513)
Business Rates Equalisation Reserve	0	0	(4,125)	(4,125)	0	(300)	(4,425)
NNDR s31 Reserve	(28,604)	0	0	(28,604)	0	25,633	(2,971)
Local Plan Pathfinder	0	0	(60)	(60)	12	0	(48)
Transformation Programme	0	100	(530)	(430)	270	(94)	(254)
ICT Capital Expenditure	0	0	0	0	0	(470)	(470)
Venture House Capital Expenditure	0	0	0	0	0	(20)	(20)
COMF funding for 2022 23	0	0	(136)	(136)	136	0	0
Community Safety Officer	0	0	(42)	(42)	34	(17)	(25)
Domestic Abuse Bill	0	0	(34)	(34)	117	(117)	(34)
SWLP	0	0	(19)	(19)	0	0	(19)
RSI Grant	0	0	(120)	(120)	54	(25)	(91)
Sport England Tackling Inequal.	0	0	(5)	(5)	0	0	(5)
District Heating Canal Quarter	0	0	(50)	(50)	0	0	(50)
Inflation Reserve	0	0	(1,000)	(1,000)	0	(500)	(1,500)
Domestic Abuse Reserve	0	0	0	0	0	(26)	(26)
Afghan & Ukraine Homes Reserves	0	0	0	0	0	(706)	(706)
Home Upgrade Grant Scheme (HUGS) Reserve	0	0	0	0	0	(199)	(199)
Trees Reserve	0	0	0	0	0	(30)	(30)
UK Shared Prosperity Fund	0	0	0	0	0	(104)	(104)
Ukrainian Post Reserve	0	0	0	0	0	(45)	(45)
Local Authority Delivery Scheme 3 (LADS) Reserve	0	0	0	0	0	(346)	(346)
Total	(42,208)	4,918	(16,678)	(53,968)	4,813	21,078	(28,077)

NOTES TO THE ACCOUNTS

12. Unusable Reserves

	Balance 1 April 2022 £'000	Prior period adjustment	Comp- rehensive I&E £'000	Accounting - Financing Adjust. £'000	Balance 31 March 2023 £'000
Revaluation Reserve	(46,665)	2,305	4,170	1,313	(38,877)
Capital Adjustment Account	(48,702)	3,624	0	(364)	(45,442)
Deferred capital receipts	(1,273)	0	0	14	(1,259)
Pensions Reserve	40,427	0	(41,205)	2,917	2,139
Collection Fund Adjustment Account	4,583	0	0	(5,752)	(1,169)
Accumulated Absences Account	265	0	0	36	301
Total for 2022-23	(51,365)	5,929	(37,035)	(1,836)	(84,307)

	Balance 1 April 2021 £'000	Comp- rehensive I&E £'000	Accounting - Financing Adjust. £'000	Balance 31 March 2022 £'000
Revaluation Reserve	(43,360)	(3,057)	(248)	(46,665)
Capital Adjustment Account	(42,931)	0	(5,771)	(48,702)
Deferred capital receipts	(1,286)	0	13	(1,273)
Pensions Reserve	53,073	(15,793)	3,147	40,427
Collection Fund Adjustment Account	11,311	0	(6,728)	4,583
Accumulated Absences Account	314	0	(49)	265
Total for 2021-22	(22,879)	(18,850)	(9,636)	(51,365)

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.

2021-22 £000		2022-23 £000
(43,360)	Balance 1 April	(46,665)
	Comprehensive Income & Expenditure:	
(3,057)	Gain on revaluation of assets	4,170
	Prior period adjustment	
	Adjustment to Capital Adjustment Account	2,305
	Accounting / Financing Adjustments:	
(788)	Amount written off the Revaluation Reserve charged to the Surplus/Deficit	0
540	Amount written off the Revaluation Reserve charged to the Capital Adjustment account	1,313
<u>(46,665)</u>	Balance 31 March	<u>(38,877)</u>

NOTES TO THE ACCOUNTS

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.

2021-22 £000		2022-23 £000
(42,931)	Balance 1 April	(48,702)
	Accounting / Financing Adjustments:	
	Adjustment to capital receipts re: prior years	6,022
	Adjustment to revaluation reserve re: prior years	(2,398)
209	Write down Intangible Assets	186
1,689	Depreciation and impairment of non-current assets	2,660
(153)	Movements in value of Investment Properties	(315)
0	Gain or (loss) on sale of non-current assets	655
0	Revenue Expenditure Financed from Capital under Statute	201
0	Revenue Expenditure Financed from Capital under Statute - Income	0
(151)	Capital expenditure financed from revenue	0
(5,691)	Capital expenditure financed from Capital Receipts	(1,694)
(2,233)	Capital expenditure financed from Capital grants and contributions	(746)
0	MRP	0
559	Amount written off the Revaluation Reserve charged to the Capital Adjustment account	(1,311)
<u>(48,702)</u>	Balance 31 March	<u>(45,442)</u>

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.

2021-22 £000		2022-23 £000
(1,286)	Balance 1 April	(1,273)
13	Deferred receipts received to Capital Receipts Reserve	14
<u>(1,273)</u>	Balance 31 March	<u>(1,259)</u>

NOTES TO THE ACCOUNTS

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.

2021-22		2022-23
£000		£000
53,073	Balance 1 April	40,427
(15,793)	Comprehensive Income & Expenditure: Remeasurement of the net defined benefit liability	(41,205)
3,147	Accounting / Financing Adjustments: Difference between accounting and statutory credit for pension costs	2,917
40,427	Balance 31 March	2,139

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.

2021-22		2022-23
£000		£000
11,311	Balance 1 April	4,583
(117)	Accounting / Financing Adjustments: Difference between accounting and statutory credit for Council Tax	(307)
(6,611)	Difference between accounting and statutory credit for Non-Domestic Rates	(5,445)
4,583	Balance 31 March	(1,169)

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.

2021-22		2022-23
£000		£000
314	Balance 1 April	265
(49)	Accounting / Financing Adjustments: Difference between accounting and statutory employment benefit	36
265	Balance 31 March	301

NOTES TO THE ACCOUNTS

13. 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.

2021-22 £'000		2022-23 £'000
440	Opening Capital Financing Requirement 1 April	440
0	Prior year adjustment	5,897
	<i>Capital Investment</i>	
1,266	Property, Plant and Equipment	2,197
0	Investment properties	0
175	Intangible assets	41
481	Revenue Expenditure Funded from Capital under Statute (REFCUS)	201
6,022	Long Term Debtors	3,686
	<i>Sources of finance</i>	
(5,691)	Capital receipts	(1,694)
(2,233)	Government grants and other contributions	(747)
(20)	Sums set aside from revenue and reserves	0
	Grants and contributions towards REFCUS	0
	Repayment of loans	(213)
440	Closing Capital Financing Requirement 31 March	9,808
		31 March 2023
31 March 2022		£'000
74,057	Property, Plant and Equipment	68,284
3,674	Heritage Assets	4,905
11,428	Investment Properties	11,088
635	Intangible Assets	364
6,023	Long Term Debtors	9,495
(46,665)	Revaluation Reserve	(38,877)
(48,702)	Capital Adjustment Account	(45,442)
450		9,817

NOTES TO THE ACCOUNTS

14. Property Plant and Equipment

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.

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

	Land & Buildings	Vehicles Plant etc	Commun. Assets	Assets under Construction	Surplus Props.	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost:						
Opening value 1 April 2022	70,256	7,990	1,006	0	0	79,252
Prior period adjustment	(2,412)	0	0	0	0	(2,412)
Additions	361	390	59	0	0	810
Disposals	0	(2,723)	0	0	0	(2,723)
Impairment losses	41	0	0	0	0	41
Reclassifications	0	0	0	0	0	0
Revaluations	(7,567)	0	0	0	0	(7,567)
Value 31 March 2023	60,679	5,657	1,065	0	0	67,401
Cumulative Depreciation:						
Opening value 1 April 2022	(2,503)	(6,859)	(485)	0	0	(9,847)
Prior period adjustment	2,503	0	0	0	0	2,503
Charge for the year	(2,166)	(320)	(37)	0	0	(2,523)
Disposals	0	2,723	0	0	0	2,723
Reclassifications	0	0	0	0	0	0
Revaluations	2,166	0	0	0	0	2,166
Balance 31 March 2023	0	(4,456)	(522)	0	0	(4,978)
Net book value 31 March 2023	60,679	1,201	543	0	0	62,423

NOTES TO THE ACCOUNTS

	Land & Buildings	Vehicles Plant etc	Community Assets	Assets under Construction	Surplus Props.	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost:						
Opening value 1 April 2021	66,427	7,873	965	0	0	75,265
Additions	572	117	41	0	0	730
Disposals	(411)	0	0	0	0	(411)
Impairment losses	489	0	0	0	0	489
Reclassifications	0	0	0	0	0	0
Revaluations	3,178	0	0	0	0	3,178
Value 31 March 2022	70,255	7,990	1,006	0	0	79,251
Cumulative Depreciation:						
Opening value 1 April 2021	(1,591)	(6,506)	(456)	0	0	(8,553)
Charge for the year	(1,937)	(353)	(29)	0	0	(2,319)
Disposals	38	0	0	0	0	38
Impairment losses	(24)	0	0	0	0	(24)
Reclassifications	0	0	0	0	0	0
Revaluations	1,011	0	0	0	0	1,011
Balance 31 March 2022	(2,503)	(6,859)	(485)	0	0	(9,847)
Net book value 31 March 2022	67,752	1,131	521	0	0	69,404

NOTES TO THE ACCOUNTS

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.

	Other PPE	Infra- structure	Total
	£'000	£'000	£'000
Cost:			
Opening value 1 April 2022	69,406	4,652	74,058
Prior period adjustment	90		
Additions	810	1,387	2,197
Disposals	(2,723)	0	(2,723)
Impairment losses	41	0	41
Reclassifications	0	0	0
Revaluations	(7,567)	0	(7,567)
Depreciation charge for the year	(2,523)	(177)	(2,700)
Depreciation disposals	2,723	0	2,723
Depreciation impairment losses	0	0	0
Depreciation reclassifications	2,166	0	2,166
Depreciation revaluations	0	0	0
Net book value 31 March 2023	62,423	5,862	68,285

NOTES TO THE ACCOUNTS

	Other PPE	Infrastructure	Total
	£'000	£'000	£'000
Cost:			
Opening value 1 April 2021	66,713	4,274	70,987
Additions	730	536	1,266
Disposals	(411)	0	(411)
Impairment losses	489	0	489
Reclassifications	0	0	0
Revaluations	3,178	0	3,178
Depreciation charge for the year	(2,319)	(158)	(2,477)
Depreciation disposals	38	0	38
Depreciation impairment losses	(24)	0	(24)
Depreciation reclassifications	0	0	0
Depreciation revaluations	1,011	0	1,011
Net book value 31 March 2022	69,405	4,652	74,057

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NOTES TO THE ACCOUNTS

15. 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:

2021-22		2022-23
£'000		£'000
(575)	Rental income from investment property	(519)
133	Direct operating expenses arising from investment property	287
772	Net gains from fair value adjustments	(315)
330	Total	(547)

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:

2021-22		2022-23
£'000		£'000
11,275	Balance at start of the year	11,428
0	Disposals	(655)
153	Net gains from fair value adjustments	315
0	Assets reclassified to Property Plant & Equipment	0
11,428	Balance at end of the year	11,088

NOTES TO THE ACCOUNTS

16. 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.

2021-22	2022-23
£'000	£'000
5,923	5,971
(5,255)	(5,465)
668	506
48	41
0	(5,041)
0	5,041
0	0
(210)	(186)
5,971	971
(5,465)	(610)
506	361

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £186k charged to revenue in 2022/23 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.

17. Capital Commitments

The Authority has capital commitments of approximately £267k as at 31 March 2023 and these will be financed from 2023/24 resources in accordance with recommended practice.

An analysis of the commitments is given below:

Capital Commitments	2021-22	2022-23
	£'000	£'000
Projects:		
Leisure	1,107	61
Operational Properties	0	79
CCTV	23	33
Information Technology	11	94
Car Parks	48	0
Total	1,189	267

NOTES TO THE ACCOUNTS

18. 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 2028.

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:

	2021-22	2022-23
	£'000	£'000
Net Carrying Amount at start of year	3,674	3,674
Revaluation	0	1,231
Carrying Amount 31 March	<u>3,674</u>	<u>4,905</u>

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NOTES TO THE ACCOUNTS

19. 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:

2022/23	Avenue Farm Depot £000's	Miscellaneous Properties £000's	Recreation Ground £000's	Parking £000's	Total £000's
Income from commercial rents	(43)	(30)	(373)	(125)	(571)
Fees and charges income	0	(181)	(25)	(2,874)	(3,080)
Total income	(43)	(211)	(398)	(2,999)	(3,651)
Expenditure	16	545	22	1,753	2,336
Surplus on trading	(27)	334	(376)	(1,246)	(1,315)
Capital Charges	21	109	21	251	402
(Surplus)/Deficit after asset rental charge	(6)	443	(355)	(995)	(913)
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)

NOTES TO THE ACCOUNTS

20. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity investment of another entity. They are recognised on the balance sheet when the Council becomes party to the contractual provisions of the financial instrument.

They are initially measured at fair value and are subsequently measured and carried on the Balance Sheet at their amortised cost.

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.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council. It can be a contractual obligation to deliver cash, financial assets or an obligation to exchange financial assets and liabilities with another entity that are potentially unfavourable to the Council.

Annual charges to the Financing and Investment Income and Expenditure (FIIE) line in the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective interest rate for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Financial liabilities held at the balance sheet date consist of long-term loans from the Public Works Loan Board (PWLB), bank overdraft and trade payables for goods and services received. For the Councils loans, the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

The financial liabilities disclosed in the balance sheet are analysed across the following categories:

All non-derivative financial liabilities are carried in the balance sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2023, using the following methods and assumptions:

- no early repayment or impairment is recognised for any financial instrument.
- the fair value of short-term instruments, including trade payables, is assumed to approximate to the carrying amount.

NOTES TO THE ACCOUNTS

The liabilities for which fair value is not disclosed comprise of short-term financial liabilities that are assumed to be approximate to the carrying amount, including both short-term borrowing and trade payables.

31 March 2022			31 March 2023	
Book Value £,000	Fair Value £,000		Book Value £,000	Fair Value £,000
(2,089)	(2,089)	Deposits, s106 and CIL at amortised cost	(3,281)	(3,281)
(2,849)	(2,849)	Short Term Creditors at amortised cost	(5,889)	(5,889)
		Non-financial liabilities	(16,743)	
<u>(4,938)</u>	<u>(4,938)</u>	Short Term liabilities at amortised cost	<u>(25,913)</u>	<u>(9,170)</u>
<u>(4,938)</u>	<u>(4,938)</u>	Total Financial Liabilities	<u>(9,170)</u>	<u>(9,170)</u>
		Total Non-Financial Liabilities	<u>(16,743)</u>	

The Council has no borrowings as at 31 March 2023 (none at 31 March 2022).

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash or other instruments or a contractual right to receive cash or another financial asset.

There are three classifications for financial assets under the Code of Practice

- amortised cost
- fair value through other comprehensive income
- fair value through profit and loss

Financial assets are classified into these three categories based on the Council's business model for holding the assets and their cash flow characteristics.

Amortised Cost:

These financial assets comprise:

- finance lease debtor
-
- cash and cash equivalents

Fair value through profit and loss (all other financial assets)

These financial assets comprise:

- money market funds
- long term debtors

NOTES TO THE ACCOUNTS

These are initially measured and carried at fair value. Changes in fair value are taken to the CIES within the FIIE line, and are gains and losses recognised in the GF.

31 March 2022			31 March 2023		
Book Value £,000	Fair Value £,000		Book Value £,000	Fair Value £,000	
0	0	Financial assets at fair value through profit and loss	126	126	
6,022	6022	Long term capital debtor Fair Value Through Profit and Loss	9,494	9,494	Level 3 *
1,270 0	1270	Finance lease debtor amortised cost Non-financial assets	1,257 0	1,257	
<u>7,292</u>	<u>7,292</u>	Long term Assets	<u>10,877</u>	<u>10,877</u>	
48,993	48,993	Investment in Money Market Fund Fair Value Through Profit and Loss	50,177	50,177	Level 1**
19,760	19,760	Cash and bank accounts amortised cost	16,155	16,155	
<u>68,753</u>	<u>68,753</u>	Short Term Investments and cash	<u>66,332</u>	<u>66,332</u>	
2,003	2,003	Short Term Debtors amortised cost	3,414	3,414	
14	14	Finance lease debtor amortised cost	-	0	
22,881		Non-financial assets	9,170		
<u>24,898</u>	<u>2,017</u>	Short Term Assets	<u>12,584</u>	<u>3,414</u>	
<u>78,062</u>	<u>78,062</u>	Total Financial Assets	<u>80,623</u>	<u>80,623</u>	
<u>22,881</u>	<u>0</u>	Total Non-Financial Assets	<u>9,170</u>		

*Ultra Short Dated Bond Fund, Level 1, Unadjusted quoted prices in active markets for identical asset

**Long term capital debtor , level 3, Discounted cash flow

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.

Expected Credit Loss Model

The Council 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.

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.

Items of income, expense, gains or losses

There are no gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments.

NOTES TO THE ACCOUNTS

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.

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 2022/23 was approved by Full Council on 07 February 2022 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.

NOTES TO THE ACCOUNTS

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:

	Amount at 31 March 2023 £'000	Historical Experience of default %	Historical experience adjusted for market conditions at 31 March 2023 %	Estimated maximum exposure to default and collectability £'000
31 March 2023				
Deposit held with Fund	50,117	0%	0%	0
Sales Ledger	2,304	0.50%	0.50%	12

	Amount at 31 March 2023 £'000	Historical Experience of default %	Historical experience adjusted for market conditions at 31 March 2023 %	Estimated maximum exposure to default and collectability £'000
31 March 2022				
Deposit held with Fund	48,993	0%	0%	0
Sales Ledger	1,318	0.53%	0.53%	7

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.

The sales ledger debt is £2,308k (£1,331k in 2021/22). The sales ledger debt can be analysed by age as follows:

	31 March 2022 £'000	31 March 2022 Past due but not impaired £'000	31 March 2023 £'000	31 March 2023 Past due but not impaired £'000
Less than 1 year	911	911	1,842	1,842
More than 1 year	420	436	466	437
Total	1,331	1,347	2,308	2,279

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.

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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 2023 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.

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):

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

NOTES TO THE ACCOUNTS

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.

According to this assessment, at 31 March 2023, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£'000
Increase in interest receivable on variable rate investments	494
Impact on Surplus/Deficit on Provision of Services	494

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.

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NOTES TO THE ACCOUNTS

21. Short Term Debtors

31 March 2022 re- stated		31 March 2023
£'000		£'000
	Amounts falling due within one year:	
17,988	Central government bodies	2,190
1,755	Other Local Authorities	4,528
7,170	All other bodies	7,688
	Less allowances for expected credit losses	
(749)	General Fund debtors	(729)
0	Housing benefit Overpayments	(40)
(1,056)	Collection Fund	(1,053)
<u>25,108</u>	Total short term debtors	<u>12,584</u>
7,292	Amounts falling due after one year (all other bodies)	10,751
<u>32,400</u>	Total Debtors	<u>23,335</u>

22. Short Term Creditors

31 March 2022		31 March 2023
£'000		£'000
	Amounts falling due within one year:	
(10,711)	Central government bodies	(13,427)
0	Other Local Authorities	(1,169)
(4,723)	All other bodies	(7,056)
<u>(15,434)</u>	Total short term creditors	<u>(21,652)</u>
(735)	Amounts falling due after one year (all other bodies)	(679)
<u>(16,169)</u>	Total Creditors	<u>(22,331)</u>

23. Members' Allowances

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

2021-22		2022-23
£'000		£'000
332	Members Allowances	325
<u>4</u>	Expenses	<u>10</u>
<u>336</u>		<u>335</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

24. 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:

2021-22		2022/23
9	£50,000 - £54,999	13
3	£55,000 - £59,999	1
1	£60,000 - £64,999	1
0	£65,000 - £69,999	2
2	£70,000 - £74,999	2
1	£75,000 - £79,999	1
0	£80,000 - £84,999	0
0	£85,000 - £89,999	0
0	£90,000 - £94,999	0
1	£95,000 - £99,999	1
0	£100,000 - £104,999	0
0	£105,000 - £109,999	0
0	£110,000 - £114,999	0
0	£115,000 - £119,999	0
1	£120,000 - £124,999	1
18		22

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:

Post holder information (Post title)	Salary (Inc. fees & Allowances)	Pension Contributions**	Total Remuneration
	£	£	£
Financial Year: 2022-23			
Chief Executive & Head of Paid Service	120,817	23,922	146,043
Deputy Chief Executive	95,787	18,966	116,057
Head of Resources & s151 Officer	68,633	13,589	82,534
Head of Law & Governance & Monitoring Officer	75,387	14,927	91,553
Head of Environmental & Neighbourhood Services	70,455	13,950	85,709
Head of Housing & Customer Services	70,455	13,950	85,709
Head of Development	65,732	13,015	79,986
TOTAL COST	567,267	112,319	687,591

NOTES TO THE ACCOUNTS

Post holder information (Post title)	Salary (Inc. fees & Allowances)	Pension Contributions**	Total Remuneration
	£	£	£
Financial Year: 2021-22			
Chief Executive & Head of Paid Service	118,892	23,541	143,737
Deputy Chief Executive	93,862	18,585	113,751
Head of Law & Governance (Monitoring Officer)	75,136	14,877	91,252
Head of Planning & Housing (Part Year April - October)	40,102	7,940	51,623
Head of Place & Economy (Part Year August - March)	59,547	11,790	72,090
Interim Head of Development (Part Year November - March)	58,460	0	58,460
Head of Revenues & Customer Services	71,362	14,130	86,796
Head of Environmental & Neighbourhood Services	71,362	14,130	86,796
TOTAL COST	588,723	104,993	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

25. Termination Benefits

There were six contracts terminated in 2022/23. Details of previous year transactions are shown below:

2021-22			Banding	2022-23				
Number of exit packages				Number of exit packages			Cost	
Compuls. Redund.	Other departures	Total exit packages	Cost Total	Compuls. Redund.	Other departures	Total exit packages	Total	
			£				£'000	
2	0	2	6,774	£0 - £20,000	0	3	3	14,395
1	1	2	50,143	£20,001 - £40,000	1	0	1	31,918
0	0	0	0	£40,001 - £60,000	0	0	0	0
0	0	0	0	£60,001 - £80,000	0	0	0	0
0	0	0	0	£80,001 - £100,000	0	0	0	0
0	0	0	0	£100,001 - £150,000	0	0	0	0
3	1	4	56,917		1	3	4	46,312

NOTES TO THE ACCOUNTS

26. 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.

2021-22 £'000	2022-23 £'000
113 External audit services*	113
36 Other services	36
149	149

The fee for the 2022-23 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.

27. 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 2022 £'000	Net Investments in the Lease	31 March 2023 £'000
14 Not later than one year		14
54 Later than one year and not later than five years		54
1,215 Over 5 years		1,188
1,283 Total		1,256

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

31 March 2022 £'000	Minimum Lease Payments	31 March 2023
93 Not later than one year		93
372 Later than one year and not later than five years		372
8,491 Over 5 years		8,304
8,956 Total		8,769

NOTES TO THE ACCOUNTS

		31
31 March		March
2022	Finance lease debtor (net present value of minimum lease payments)	2023
£'000		£'000
14	Current	14
1,269	Non Current	1,242
7,673	Unearned finance income	7,673
8,956	Gross Investment in the Lease	8,929

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 2023 is £11.1m.

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

		31
31 March		March
2022		2023
£'000		£'000
717	Not later than one year	1,092
2,355	Later than one year and not later than five years	3,306
24,089	Over 5 years	25,368
27,161		29,766

Operating Leases – The Authority as Lessee

Rentals paid under operating leases by this Authority amounted to £51k in 2022/23 and are in respect of printing equipment.

		31
31 March		March
2022		2023
£'000		£'000
51	Not later than one year	46
26	Later than one year	48
77	Total	94

28. 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 2023 are shown in note 33.

NOTES TO THE ACCOUNTS

Chief Officers

There are no related party transactions in respect of Chief Officers for the period 1 April 2022 to 31 March 2023.

Council Members

The information as relates to this Authority for 1 April 2022 to 31 March 2023 is as follows:

Expenditure Transactions

Creditor Transactions 2021/22 £'000	Balance 31 March 2021-22 £'000	Organisation	Creditor Transactions 2022/23 £'000	Balance 31 March 2022-23 £'000
1213	129	Orbit Heart of England Housing Association - excludes Benefits Payments (note a)	931	
2928	8	Pension Service (note b)	3,782	
441	4	Warwickshire County Council - excludes Precepts & CIL (note c)	412	1
3	0	Stratford Town Council - excludes Precepts (note d)	25	
301	1	Warwick District Council (note e)	582	-
		Wychavon District Council (note f)	50	
<hr/> 4,886	<hr/> 142	Total	<hr/> 5,782	<hr/> 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 the Queen's Platinum Jubilee Celebrations and the King's Proclamation.
- e. These payments mainly relate to shared services costs, training, and Occupational Health.
- f. Payments in respect off street parking PCN processing.
- g. 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

Major transactions (£5k and over – excluding precepts) for 2022/23 where Stratford-on-Avon District Councillors are also members of Parish Councils are shown below:

Parish Councils	No. of Members	Creditor Payments	Balance 31 March 2022	No. of Members	Creditor Payments	Balance 31 March 2023
		£'000	£'000		£'000	£'000
Quinton Parish Council -S106 monies for off site open space 14/01449/OUT	1	14	0			
Alcester Town Council -- Queen's Jubilee Grant & S106 Monies for built facilities 11/02767/OUT				1	30	-
Shipston Town Council - Queen's Jubilee Grant				1	3	-
Stratford Upon Avon Town Council - Queen's Jubilee Grant				2	3	-
Total	0	14	0	4	36	-

Major transactions (£5k and over) for 2022/23 where Stratford District Councillors are also members of public bodies are shown below:

Public Bodies	No. of Members	Creditor Payments	Balance 31 March 2022	No. of Members	Creditor Payments	Balance 31 March 2023
		£'000	£'000		£'000	£'000
Act on Energy	1	12		1	109	0
Cotswolds Conservation Board	2	8		2	8	0
Coventry & Warwickshire Local Enterprise Partnership	1	20		1	20	0
Coventry City Council	1	93			0	
Local Government Association	1	14		1	11	0
South Warwickshire NHS Foundation Trust	1	1,207		1	621	0
Warwickshire Rural Community Council	1	48		1	40	0
Warwickshire Police and Crime Commissioner	1	17			0	
Warwickshire Wildlife Trust	1	24		1	25	0
West Midlands Combined Authority	1	25		2	30	0
West Midlands Employers	1	54		2	32	0
Total	12	1,522	0	12	896	0

h. Other Outside Bodies:

Major transactions (£5k and over) for 2022/23 where Stratford District Councillors are also members of other outside bodies are shown below:

Other Outside Bodies	No. of Members	Creditor Payments	Balance 31 March 2022	No. of Members	Creditor Payments	Balance 31 March 2023
		£'000	£'000		£'000	£'000
Stratford	2	66	19	2	40	0
Shakespeare's England Ltd	0			2	90	0
Total	2	66	19	4	130	0

NOTES TO THE ACCOUNTS

i. Income Receipts:

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

Income Receipts	2021/22 £'000	2022/23 £'000
Alcester Town Council	25	11
Coventry & Warwickshire Local Enterprise Partnership	20	
Shipston Town Council	-	7
Stratford Upon Avon Sports Club Limited	-	14
Stratford upon Avon Town Council	70	151
Stratforward Business Improvement District Ltd	5	22
Studley Parish Council	7	6
Warwick District Council	1,027	
Warwickshire County Council	1,136	1,210
Warwickshire Rural Community Council	-	15
Total	2,290	1,436

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NOTES TO THE ACCOUNTS

29. Provisions

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.

NNDR Appeals

The NNDR Appeals provision covers all appeals against NNDR charges as at 31 March 2023. 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 £3.8m is deemed an appropriate level of provision.

	Business Rates Backdated Appeals	Insurance	Total
	£'000	£'000	£'000
Balance outstanding at 1 April 2022	(3,809)	(6)	(3,815)
Additional provisions made during the year	0	0	0
Amounts used in the year	0	0	0
Balance outstanding at 31 March 2023	(3,809)	(6)	(3,815)

30. Long Term Debtors

31 March 2022 re-stated		31 March 2023
£'000		£'000
2,922	Material Recycling Facility (Capital Costs) - Loan (a)	6,424
1,135	Cox's Yard, Stratford - Finance lease (b)	1,124
135	4/5 Sheep Street, Stratford-upon-Avon - Finance lease (b)	133
3,100	Everyone Active Leisure Centre Loan - loan (c)	2,953
0	Spring Housing Association Ltd - FWC - loan (d)	118
<u>7,292</u>	Total Long Term Debtors	<u>10,752</u>

- (a) Loan to Sherbourne Material Recycling Facility, first drawdown April 2021,
- (b) 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,
- (c) Loan to Everyone Active, first drawdown August 2021,
- (d) Loan to Spring Housing Association.

NOTES TO THE ACCOUNTS

31. Usable Reserves

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

32. Accruals

31 March 2022	£'000	31 March 2023	£'000
	(3,324)	G.F. Provisional Creditors - Revenue	(2,677)
	(365)	Building Control Fees Prepaid	(140)
	(1,400)	GF Prov Cred Capital	(126)
	(166)	Accumulated Absences Accrual	(301)
	(265)	Year End Purchase Order Accruals - Revenue	(1,017)
	(5,520)	Total Accruals	(4,261)

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

33. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2021-22	£'000	2022-23	£'000
	(5,277)	Interest received	(2,331)
	831	Interest paid	411
	(4,446)		(1,920)

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

2021-22	£'000	2022-23	£'000
	(1,689)	Depreciation	(2,700)
	0	Revaluation gains on Property, Plant & Equipment	41
	(481)	Revenue Expenditure funded from capital under statute	
	(210)	Amortisation of intangible assets	(186)
	0	Increase / (decrease) in creditors	1,366
	0	(Increase) / decrease in debtors	(13,155)
	0	(Increase) / decrease in inventories	17
	(3,147)	Movement in pension liability	(2,917)
	(116)	Contributions to provisions	0
	0	Carrying amount of non-current assets sold	(655)
	153	(Increase) / decrease in investment property value	315
	1,296	Other adjustments	4
	(4,194)		(17,870)

NOTES TO THE ACCOUNTS

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

2021-22		2022-23
£'000		£'000
0	Proceeds from short and long-term investments	0
3,600	Other items	1,869
708	Proceeds from the sale of non-current assets	1,288
<hr/> 4,308		<hr/> 3,157

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NOTES TO THE ACCOUNTS

34. Cash and Cash Equivalents

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

2021-22		2022-23
£'000		£'000
19,760	Bank balances	16,155
0	Call accounts and short term deposits	0
<hr/>		<hr/>
19,760	Cash and cash equivalents 31 March	16,155

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COLLECTION FUND

Collection Fund

2021-22 £'000		2022-23 £'000
	<u>Council Tax</u>	
	INCOME	
(115,884)	Income from Council Taxpayers	(122,721)
(1)	s13A relief	1
	Apportionments of previous year surplus	
(566)	Warwickshire County Council	0
(90)	Police & Crime Commissioner	0
(55)	Stratford-on-Avon District Council	0
<hr/>		
(116,596)		(122,720)
	EXPENDITURE	
	Precepts and demands on Collection Fund	
87,313	Warwickshire County Council	93,986
14,403	Police & Crime Commissioner	15,520
12,201	Stratford-on-Avon District Council	13,008
	Apportionments of previous year surplus	
0	Warwickshire County Council	1,692
0	Police & Crime Commissioner	283
0	Stratford-on-Avon District Council	164
	Bad & Doubtful Debts	
815	Write offs of uncollectable income	700
0	Provision for uncollectable income-addition / (reduction)	0
<hr/>		
114,732		125,353
<hr/>		
(1,864)	Movement on Fund Balance - (surplus)/deficit	2,633
	FUND BALANCE FOR COUNCIL TAX	
1,001	Balance brought forward	(863)
(1,864)	Surplus for year	2,633
<hr/>		
(863)	Balance - (surplus)/deficit carried forward	1,770

COLLECTION FUND

2021-22		2022-23
£'000		£'000
	<u>Non-Domestic Rates</u>	
	INCOME	
(47,018)	Income from Ratepayers	(50,844)
	Apportionments of previous year deficit	
(12,910)	Central Government	(4,949)
(2,582)	Warwickshire County Council	(990)
(10,328)	Stratford-on-Avon District Council	(3,960)
<u>(72,838)</u>	Total	<u>(60,743)</u>
	EXPENDITURE	
	Precepts and demands on Collection Fund	
28,432	Central Government	22,347
5,686	Warwickshire County Council	4,469
22,746	Stratford-on-Avon District Council	17,878
180	Transitional Relief	179
29	Renewable Energy payments	358
	Bad & Doubtful Debts	
0	Write offs of uncollectable income	0
1,128	Provision for uncollectable income	0
	Impairments resulting from appeals	
0	Write offs of uncollectable income	0
(1,617)	Provision for uncollectable income	0
228	Transfer to General Fund - Cost of Collection Allowance	232
<u>56,812</u>		<u>45,463</u>
<u>(16,026)</u>	Movement on Fund Balance - (surplus) / deficit	<u>(15,280)</u>
	FUND BALANCE FOR NON-DOMESTIC RATES	
27,980	Balance brought forward	11,954
(16,026)	(Surplus) / deficit for year	(15,280)
<u>11,954</u>	Balance - (surplus) / deficit carried forward	<u>(3,326)</u>
	COLLECTION FUND BALANCE	
28,981	Balances brought forward	11,091
(17,890)	(Surplus) / deficit for year	(12,647)
<u>11,091</u>	Balance - (surplus) carried forward	<u>(1,556)</u>

COLLECTION FUND

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.

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COLLECTION FUND

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 2022/23 was estimated as follows (*figures have been rounded*):

Band & Value	Number of Chargeable Dwellings Total	Adjustments for Discounts	Notional Properties	Relationship to Band D	Band D Equivalent £
Band A - up to £40,000 (disabled)	3	4	7	5/9	4
Band A - up to £40,000	1,629	1,364	2993	6/9	1995
Band B - over £40,000 up to £52,000	4,536	2,551	7087	7/9	5512
Band C - over £52,000 up to £68,000	12,566	3,065	15631	8/9	13894
Band D - over £68,000 up to £88,000	9,027	434	9461	-	9461
Band E - over £88,000 up to £120,000	10,999	(1,826)	9174	11/9	11212
Band F - over £120,000 up to £160,000	8,635	(2,610)	6025	13/9	8703
Band G - over £160,000 up to £320,000	8,966	(3,567)	5399	15/9	8998
Band H - over £320,000	1,795	(897)	898	18/9	1796
	58,157	(1,483)	56,674		61575
Estimated change to Band 'D' equivalent net of discount (new properties)					1,205
Estimated changes to discounts and exemptions					(120)
Estimated changes due to Council Tax Support, empty and homes discounts/exemptions					(3,419)
Gross estimate of new taxbase 2022/23					59,241
Add estimated contributions in lieu of Ministry of Defence properties					72
					59,313
Less estimated non-collection (0.4%)					-237
Tax Base 22/23					59,076.01

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

Under the arrangements for business rates, the Council collects non-domestic rates for its area which are based on local rateable values multiplied by a uniform rate. The national multipliers for 2022/23 were:

- 49.9p for qualifying Small Businesses (49.9p in 2021/22)
- 51.2p for other businesses (51.2p in 2021/22) – the standard multiplier.

The rateable value as at the 31 March 2022, used to raise accounts for the District Council area for 2022/23, was £150,768,249 (£149,105,362 as at 31 March 2022).

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.

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 government subsidises the cost of this service.

GLOSSARY OF TERMS

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