

AGENDA MANAGEMENT SHEET

Report Title: Pre Audited Statement of Accounts 2021/22

Name of Committee: Audit and Ethics Committee

Date of Meeting: 28 July 2022

Report Director: Chief Financial Officer

Portfolio: Finance, Performance, Legal and Governance

Ward Relevance: All

Prior Consultation: N/A

Contact Officer: Jon Illingworth, Chief Officer Finance and Performance
jon.illingworth@rugby.gov.uk, 01788 533 410

Public or Private: Public

Report Subject to Call-In: No

Report En-Bloc: No

Forward Plan: No

Corporate Priorities: This report relates to the following priority(ies):
 Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change. (C)
 Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents. (E)
 Residents live healthy, independent lives, with the most vulnerable protected. (HC)
 Rugby Borough Council is a responsible, effective and efficient organisation. (O)
[Corporate Strategy 2021-2024](#)
 This report does not specifically relate to any Council priorities but

Summary: The purpose of this report is to present the pre audited Statement of Accounts for consideration by Audit and Ethics Committee prior to the completion of the external audit.

Financial Implications: There are no financial implications for this report.

Risk Management Implications:	There are no risk management implications for this report.
Environmental Implications:	There are no environmental implications for this report
Legal Implications:	There are no legal implications for this report
Equality and Diversity:	There are no equality and diversity implications for this report
Options:	None
Recommendation:	That the committee notes the summary of the Pre Audited Statement of Accounts 2021/22 and makes any comments it feels necessary to officers for the external audit process
Reasons for Recommendation:	Although the pre audited accounts do not require any approval, the Committee does have the opportunity to inform the external audit process

Audit and Ethics Committee - 28 July 2022

Pre Audited Statement of Accounts 2021/22

Public Report of the Chief Financial Officer

Recommendation

That the committee notes the summary of the Pre Audited Statement of Accounts 2021/22 and makes any comments it feels necessary to officers for the external audit process

1. Introduction

- 1.1. This report introduces the Pre Audited Statement of Accounts 2021/22 for review by the committee

2. Background

- 2.1. Following the Accounts and Audit (Amendment) Regulations 2021 the publication for the, final, audited accounts has been moved to the 30 November 2022.
- 2.2. The Pre Audited Statement of Accounts 2021/22 will be available for public inspection from 29 July 2021. The inspection period will conclude on 11 September 2022, during which, and up to the conclusion of the audit, any local government elector within the Rugby Borough is able to question or make objections to the Council's external auditor, Grant Thornton UK LLP.
- 2.3. The external audit by Grant Thornton begins on 25 July, after it's conclusion the Statement of Accounts will be formally published. Any material changes as a result of the audit will be reported to the Audit and Ethics Committee at the earliest opportunity once the Accounts have been signed off by the External Auditor.
- 2.4. The Pre Audited Statement of Accounts is included in appendix A
- 2.5. A briefing paper summarising key information regarding the movement from 2020/21 – 2021/22 is included in appendix B

3. The Statement of Accounts 2021/22

3.1. The statement of accounts, comprises of the following financial statements.

- i) **The Narrative Report** – includes financial summaries which detail the actual spend and income for the year compared with the original budget; financial and non-financial performance; risks and a financial outlook
- ii) **Comprehensive Income and Expenditure Statement** – records all of the Council's income and expenditure for the year, in accordance with generally accepted accounting standards. The top half of the statement provides an analysis by service area, in-line with the Council's structure. The bottom half of the statement deals with corporate transactions and funding

The account is prepared in accordance with International Financial Reporting Standards (IFRS) however, regulations allow local authorities to reverse or replace certain items of income and expenditure. These items are summarised in the MIRS.

- iii) **Movement in Reserves Statement** – this shows the amounts transferred to/from the various reserves held by the Council in order to provide services throughout the year, having taken account of statutory adjustments for financing.
- iv) **Balance Sheet** statement is a “snapshot” of the Council's assets, liabilities, cash balances and reserves at the year-end date.
- v) **Cash Flow Statement** – details the main revenue, capital, investment and financing cash movements during the year. Additional information is included within the notes to the accounts.
- vi) **Housing Revenue Account (HRA) Statements** – in accordance with the statutory ring-fence, these show the income and expenditure relating to the provision of Council housing and also the overall amount taken from/contributed to HRA balances for the year.
- vii) **Collection Fund Statement** – shows the transactions relating to business rates and council tax and illustrates the way in which they have been distributed between the Council, Central Government, Warwickshire County Council and the Office of the Police and Crime Commissioner for Warwickshire.

3.2. The notes of the main financial statements provide additional information to the readers on the figures included within the statements.

Name of Meeting: Audit and Ethics Committee

Date of Meeting: 28 July 2022

Subject Matter: Pre Audited Statement of Accounts 2021/22

Originating Department: Finance and Performance

DO ANY BACKGROUND PAPERS APPLY YES NO

LIST OF BACKGROUND PAPERS

Doc No	Title of Document and Hyperlink

The background papers relating to reports on planning applications and which are open to public inspection under Section 100D of the Local Government Act 1972, consist of the planning applications, referred to in the reports, and all written responses to consultations made by the Local Planning Authority, in connection with those applications.

Exempt information is contained in the following documents:

Doc No	Relevant Paragraph of Schedule 12A



**Appendix A - Pre-Audit Statement of Accounts
Rugby Borough Council □ 2021/22**

Contents	Page
Introduction from the Chief Officer – Finance and Performance	5
Narrative Report	6
Statement of Responsibilities	26
The Primary Financial Statements	27
<ul style="list-style-type: none"> • Comprehensive Income and Expenditure Statement 	27
<ul style="list-style-type: none"> • Movement in Reserves 	28
<ul style="list-style-type: none"> • Balance Sheet 	30
<ul style="list-style-type: none"> • Cash Flow Statement 	31
Notes to the Accounting Statements	32
Housing Revenue Account	86
Collection Fund Statement	92
Independent Auditor Report	95
Annual Governance Statement	96
Glossary	97

Note	Notes to the Accounting Statements Index	Page
1	Basis for Preparation	32
2	General Accounting Policies	32
3	Accounting Standards	34
4	Critical Judgements	34
5	Assumptions made about the Future	35
6	Prior Period Adjustments	37
7	Events after the Reporting Period	37
8	Material Items in the Comprehensive income and Expenditure Statement	37
9	Expenditure and Funding Analysis	38
10	Note to the Expenditure and Funding Analysis	40
11	Expenditure and Income Analysis by Nature	41
12	Other Operating Expenditure	41
13	Financing and Investment Income and Expenditure	42
14	Taxation and Non-Specific Grant Income and Expenditure	42
15	Grant Income	42
16	Adjustments between Accounting Basis and Funding Basis under Regulations	45
17	Movements in Earmarked Reserves	48
18	Unusable Reserves	50
19	Property, Plant and Equipment	53
20	Heritage Assets	58
21	Investment Properties	60
22	Assets Held for Sale	60
23	Leases	61
24	Capital Expenditure and Financing	62
25	Long Term Advances and Loans Outstanding	64
26	Debtors	64
27	Creditors	65
28	Cash and Cash Equivalents	65
29	Cash Flow Statement – Operating Activities	66
30	Cash Flow Statement – Investing Activities	67
31	Cash Flow Statement – Financing Activities & Reconciliation of Liabilities arising from Financing Activities	67

Note	Notes to the Accounting Statements Index	Page
32	Provisions	68
33	Contingent Assets and Liabilities	69
34	Trading Operations	69
35	Audit Fees	70
36	Related Party Transactions	70
37	Pension Costs	71
38	Members Allowances	76
39	Officers' Remuneration	76
40	Financial Instruments	78
41	Nature and Extent of Risks Arising from Financial Instruments	83

Introduction from the Chief Officer – Finance and Performance

Dear Reader,

I am pleased to present the Rugby Borough Council Statement of Accounts (the Accounts) for the financial year 2021/22 and I hope you will find them of interest.

The purpose of the Accounts is to summarise the financial performance for the year 2020/21 and the overall financial position of the Council. It is intended that these Accounts will provide a useful and important source of financial information for the community, stakeholders, council members and other interested parties.

The style and format of the Accounts complies with Chartered Institute of Public Finance and Accountancy (CIPFA) standards and the presentation is designed to make them user-friendly and accessible.

The Narrative Report provides information about Rugby, including the key issues affecting the Council and its Accounts. It also provides a summary of the financial position at 31 March 2022 and is structured as follows:

- About Rugby Borough Council
- Governance
- Corporate Strategy 2021-24
- Financial Overview 2021/22
- Future Financial Outlook and Financial Resilience
- Finance Resilience Conclusion
- Financial Statements
- Further Information

Jon Illingworth CPFA
Chief Officer – Finance and Performance
29 July 2022

NARRATIVE REPORT

About Rugby Borough Council

We are an ambitious local authority serving the borough of Rugby, in the centre of England close to Coventry, Leicester and Northampton.

One of the fastest growing boroughs in the country, we serve around 110,000 residents. We are proud of our diverse communities, our vibrant third sector, our environmental assets and the businesses that operate here.

We have ambitious plans for how the borough will develop into the future ensuring a strong economy, healthy communities and environmental sustainability.

With major housing, retail and employment developments both recently completed and in the pipeline, and a town centre regeneration programme getting started, it's an exciting time to live and work in Rugby.

We employ around 550 staff working in our offices, at home, across our cultural facilities and running our direct labour services. Forty-two borough councillors representing electors in 16 wards run the council using a leader and cabinet model.

Our main services include waste and recycling, planning, development strategy, housing, licensing, elections, council tax, benefits, parking, business support and economic regeneration, community safety, environmental health, commercial regulation, parks and open spaces, arts and visitor services, bereavement services, and sport and recreation.

Our communities are generally more economically active and better paid than the average for England. Four in five adults aged 16-64 are in paid employment, earning £28,472, against £26,192 for all of England. Around three per cent are claiming Universal Credit or Job Seekers Allowance.

Eighty-four per cent of our residents are White British, and we have a significant East European community making up around five percent of our population, with South Asian communities making up just over three per cent. 63.7 per cent are Christian, 2.3 per cent are Hindu and 1.2 per cent Muslim.

Our plans for growth include two sustainable urban extensions, one on the eastern side of Rugby at Houlton, and one south west of Rugby. Both developments include significant housing and employment provision, and we are working hard to make sure that they are balanced happy communities.

We have committed to become net zero carbon by 2030. Our approach is to deliver change within our areas of direct responsibility, enable others to make changes where we can, and influence change outside of our control. We want Rugby to be an environmentally sustainable place where we work together to reduce and mitigate the effects of climate change, transitioning Rugby to a low carbon place.

On the 14 May 2021 the Council incorporated Caldecott Group Limited. This company has been established as part of the trading structure that was presented to Cabinet in June 2021. The purpose of the company is to act as a holding company for all the trading companies that the Council is looking to establish as part of the trading structure.

As a result of the recruitment process the Directors of the company are:

- Cllr Peter Eccelson
- Cllr Ish Mistry
- Cllr Ramesh Srivastava
- Dan Green, Deputy Executive Director

During the year Caldecott Development Limited was the first of the Council's Trading Companies established. This housing development company is a joint venture with Norse and will initially look to develop and deliver 60 new affordable homes across eight sites.

Political Structure in the 2021/22 Municipal Year

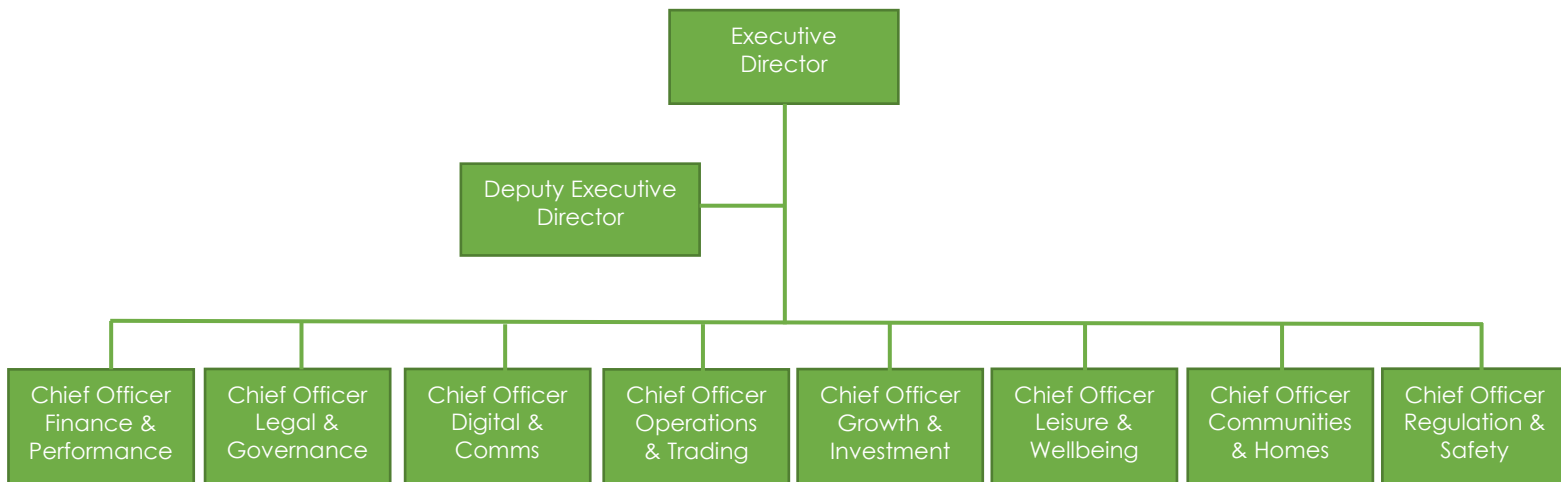
The borough of Rugby has 16 wards, and the Council consists of 42 Members and is a Conservative controlled authority. Borough elections were held on 6 May 2021.

	2020/21	Change	2021/22
Conservative Group	24	1	25
Labour Group	9	-1	8
Liberal Democrat Group	9	-	9
Independents	0	-	0

Management Structure

Supporting the work of Councillors is the organisational structure of the Council headed by the Leadership Team, led by Executive Director Mannie Ketley.

The management structure of the organisation changed on 1 April 2021. In addition to the appointment of the new Deputy Executive Director during 2020/21, a restructure saw the introduction of 8 new Chief Officers replacing the four previous Head of Service roles and new portfolio structure which is aligned accordingly.



Governance

The Annual Governance Statement, which accompanies these financial statements, sets out our governance framework and an assessment of our effectiveness. The statement was prepared by the Corporate Assurance Manager and Transformation Lead and concludes that the overall governance framework continues to provide a Substantial level of assurance of effectiveness.

Further enhancements were made to our governance arrangements during 2021/22 including:

- Development and implementation of an updated framework of financial regulations and instructions, ensuring officers take ownership for and are held accountable for compliance.
- Completing a comprehensive self-assessment and developing an action plan to ensure compliance with the CIPFA Financial Management Code.
- Increased accessibility to public meetings by livestreaming Committee and Council meetings, providing an improvement to engagement in the democratic process.
- Reports are presented to members only after formal and documented consideration of risk management, financial, legal, equality and diversity, and environmental considerations by the relevant officers. The Council is making better informed decisions as a result.
- A new health and safety digital system was implemented, enabling staff to report incidents and concerns. Management of health and safety risk, monitoring and analysis now takes place all on the same system.

We are committed to ensuring continuous improvement in our governance year-on-year and an action plan has been developed for 2022/23; this includes the implementation of a new Internal Constitution, updating the performance management framework and improving the use of data analysis, implementation of a new Councillor Learning and Development policy, and conducting a review and update of the Anti-Fraud, Bribery and Corruption strategy.

Corporate Strategy 2021-24

On 1 April the council launched a new Corporate Strategy for the period 2021-24 which sets out the broad priorities for the organisation and recognises the significant challenges facing the authority over the period.

The corporate strategy will drive the Council's ongoing transformation programme, with a series of sub-strategies being brought forward over the coming months to provide further detail on delivery.

It was produced during the Covid-19 pandemic and as such, incorporates the basis for the Council's proposed recovery. Indeed, the outcomes described within the proposed corporate strategy correlate to the four pillars of recovery:

- Climate;
- Economy;
- Health and Communities;
- Organisation

Furthermore, the strategy recognises some of the most significant challenges facing the Council including addressing climate change, developing the local economy, and supporting residents to live well.

A new strapline for the Council, "Right for Rugby", recognises that, irrespective of the challenges we face, the Council's commitment is to do the right thing for the residents, businesses, and communities of our Borough.

The strategy is focussed on the delivery of four overarching outcomes – those being:

- Rugby is an environmentally sustainable place, where stakeholders work together to reduce and mitigate the effects of climate change
- Rugby has a diverse and resilient economy, which benefits all residents
- Residents are able to live healthy, independent lives, with the most vulnerable protected

- Rugby Borough Council is a responsible, effective and efficient organisation

Within each outcome, the strategy describes key commitments which will guide delivery. These commitments are not exhaustive and may be altered or added to as the various agendas progress.

The Council's 'CAN DO' values remain at the heart of all we do, they represent who we are, and work will continue towards embedding these as we develop our HR and Workforce Strategies during 2022/23.

Recognising a need for cultural change, a draft Rugby Blueprint has been produced – giving detail on the case for change towards the organisation that the Council needs to become. The draft Rugby Blueprint states that:



The Corporate Assurance Manager was appointed to take a lead role in delivering business transformation programme reviews and ensuring they deliver the intended outcomes. The role includes establishing squads appropriate to each review and is a key strategic link.

A high-level transformation strategic summary document was adopted in September 2021. The main purpose of this document was to provide clarity on the purpose of the work and the outcomes that transformation will deliver.

The first transformation project consisted of a review of the Council's operating model with an external partner. The following work was completed during the operating model review:

- A briefing session for the Corporate Management Forum, giving an initial overview of the review.
- A Leadership Team workshop, from which principles were identified and have fed into the draft Rugby Blueprint.
- Employee briefing sessions detailing the approach being taken.
- Activity analysis, splitting roles according to the functions they fulfil. This, alongside an expenditure analysis, has enabled us to map activity across the organisation.
- Following the analysis, strategic alignment/ service review workshops with each Chief Officer (with support from service managers, HR and Finance Business Partners) to identify potential areas for transformation.
- Panel sessions, where each Chief Officer presented their transformation proposals, following which a long list of potential projects was identified.

Further work is required on these projects to identify which can be undertaken in the short term. It is expected that in some cases the transformation projects will require external support to progress, or investment to deliver the necessary solutions, and for these reasons a £1.500m transformation reserve was established.

In addition, staffing of the transformation programme will be fluid; at times it is expected that existing staff will be seconded to help deliver projects, and it may be necessary to back fill those roles on a short-term basis. Requests for funding from this reserve will only be considered with a robust business plan that identifies the costs and benefits of the investment.

The newly established Programme Board will oversee every aspect of the transformation programme maximising opportunities for co-benefits across, and efficiency between, individual projects. External advice has been provided to ensure the programme governance arrangements are fit for purpose and in line with good practice. Following this advice, Terms of Reference have been developed for the Programme Board.

The Leadership Team has also developed a new project management methodology for the Council. The methodology shows the workflow for projects, from conception through to delivery. A risk-based approach will be applied to all projects with the workflow including milestones being determined, based on the assessed level of risk. This will enable low risk projects to be progressed at speed whilst ensuring that those higher risk projects are subject to robust monitoring and reporting. Ultimately this methodology will enable the Council to deliver its projects efficiently and effectively.

The Council produces an annual report which identifies the delivery of the Corporate Strategy outcomes. The 2021/22 annual report was presented to Council on 19 July 2022 and can be found on the Council's website. A summary of some of the highlights are included below;

Climate -

Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change.

We hosted the first ever Rugby Climate Summit with voluntary and community organisations, residents, and businesses

We have implemented a climate change and environmental impact assessment, ensuring that decisions taken by Members take full account of all environmental implications.

We built and launched the Rugby Net Zero website, to host information for residents on tackling climate change and encourage active involvement from our communities.

IT Services have partnered with an IT recycling company, which is a free service offered to the council. This guarantees zero landfill, re-use of equipment for good causes and our contribution to their mission to plant over 2000 trees

On Global Recycling Day, the Visitor Centre launched its Rugby Town themed reusable and biodegradable takeaway cup. Several town centre cafes have signed up to a scheme offering discounts to customers presenting the cup. The scheme promotes sustainability as well as supporting local businesses.C

Economy -

Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents

We held consultation events in Spring and Autumn on the strategy to regenerate and revive the town centre. The initial ideas have received overwhelming support. Further consultation has also been undertaken with other key stakeholders which has all fed into the development of the strategy.

In Development Management, over 1,000 planning applications have been determined, 1022 dwellings have received permission and 124 affordable dwellings have been built along with the approval of 78,865 SQM of employment floorspace.

The development at Market Quarter of 360 homes is nearing completion. In supporting sustainable communities, the Council continues to work with Urban and Civic on the delivery of Houlton which opened an award winning new Secondary School in September 2021.

In March 22 we paid out £221,084 to 222 applicants of Additional Restrictions Grant to support business that were not hospitality but were affected by the loss of revenue due to Coronavirus restrictions in December 2021.

During the year we paid out 25 grants totalling £916,000 to business to support the recovery from COVID-19 – working in partnership with the Growth Hub the scheme protected 471 jobs and created 109 jobs.

£193,000 of grant funding was secured from the Welcome Back Fund. This was used to deliver and promote a free programme of Summertime and Wintertime events and activities with the aim of bringing footfall to the town centre

Health & Communities -

Residents live healthy, independent lives, with the most vulnerable protected.

The Lifeline Service was reaccredited by the Telecare Services Association in late 2021. Inspectors praised the dedication of staff in service delivery.

Due to the work of our Rough Sleeper Solution Officers, rough sleeping in the town continues to be very low. This Autumn's snapshot counted 3 rough sleepers, one of whom was travelling through Rugby.

We continue to invest in our council housing stock. During 2021/22 we completed 623 boiler swaps with new controls & thermostats to replace failing boilers, with new Worcester Bosch high efficiency boilers.

The Rugby Lotto awarded its first £25,000 jackpot and has surpassed £100,000 income for local voluntary and community groups since its launch three years ago.

On Track worked with key partners including Orbit Housing, The Police & Crime Commissioner, and community organisations to deliver health and wellbeing interventions for young people in the Borough.

Rugby Art Gallery and Museum obtained funding to provide 10 community group and 10 primary school classes with free workshops. The funds also subsidised 479 creative workshop places for families

We remain part of the HEART partnership ensuring that disabled facility grants continue to support people to retain both their independence and dignity in their own homes.

Organisation -

Rugby Borough Council is a responsible, effective and efficient organisation.

A brand-new leadership team was formed, and the organisation is being restructured to focus on the Corporate Strategy and transformation.

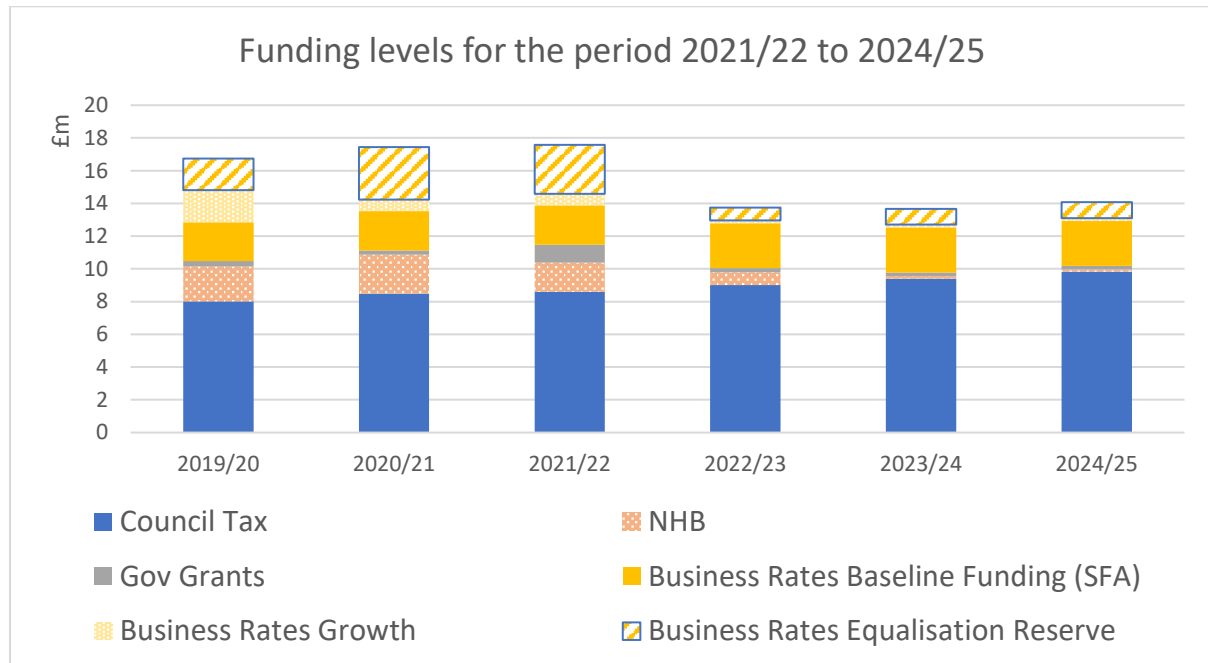
The organisation is now working in an agile way in response to our changing needs, incorporating hybrid meeting rooms, agile project delivery, collaborative portals, and remote access services such as digital signage.

We have embedded a digital culture, including allowing council meetings to be paperless. This has resulted in a 56% reduction in use and expenditure on paper across the Council.

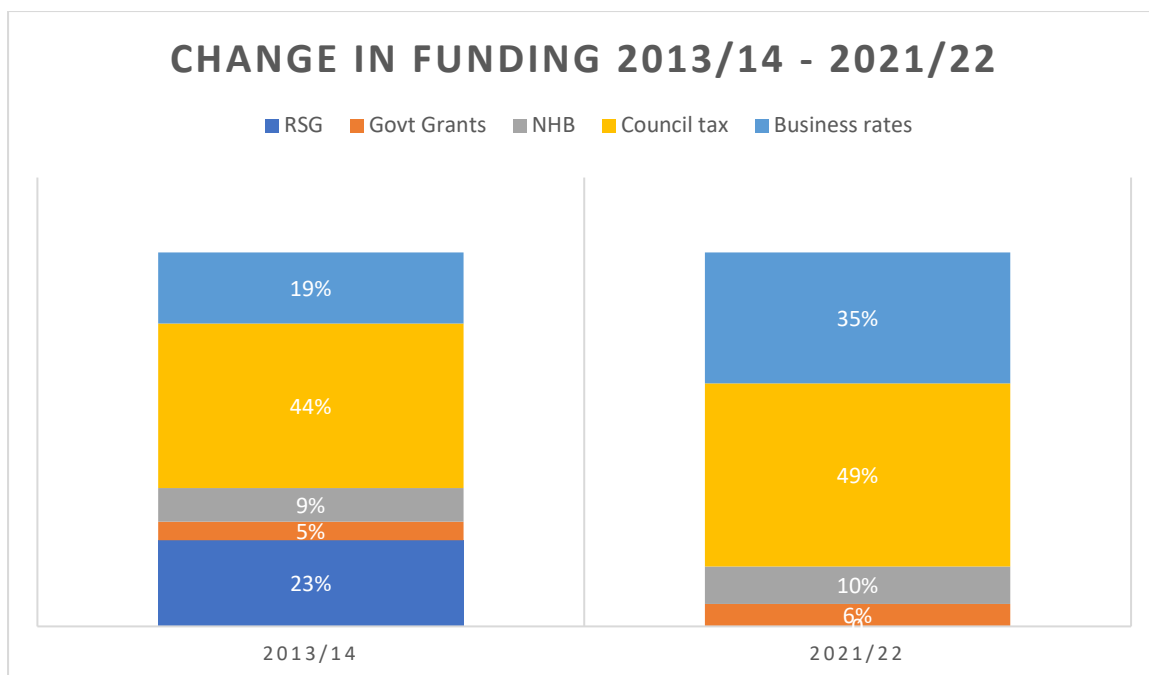
The Garden Waste process was redesigned and launched on PlaceCube with over 15,000 subscriptions purchased since going live in February 2022. We continue to promote the Waste App as a source of information for our customers whilst reducing the need for paper documents and printing.

Financial Overview 2021/22

The sources of funding for the Council since 2019/20 are detailed in the table below. Largely it comes from two sources, Council Tax and business rates. Council Tax has remained relatively consistent throughout the period at around £8m per year. The annual increases will consist of inflationary increases (currently capped at £5 for a band D property) or through growth of the taxbase which relates to the increase in households in the borough.



Under the scheme that was established in 2013/14, the Council retains any growth in business rates over its baseline value which is £2.414m in 20221/22. As a high growth borough this has been a significant advantage to Rugby with a contribution to the reserve of (£2.929) in 2021/22. Under plans announced by Government in 2017 the baseline level of business rates is expected to be reset which could mean that the benefit of all the growth gained since 2013/14 is lost. The table below demonstrates that as well as receiving a significant reduction in income as a result of the reset, the % of council funding received from business rates has increased from 19% - 35%. In 2013/14 Council tax equated to around 44% of the funding of the council, it is expected that this will increase to 64% by the time we reach 2024/25.



Medium Term Financial Strategy

On 24 April 2018, the 2018-23 Medium Term Financial Strategy (MTFS) was approved. This outlines the key principles and financial policies required to enable us to meet our objectives and achieve the ambition of becoming financially self-sufficient. During the financial year 2022/23, the MTFS will be updated in line with the Corporate Strategy and the national picture for the future.

Housing Revenue Account (HRA) Rents

Housing Rents were set by Council on 2 February 2021. Council agreed to a rent uplift of 1.5% (CPI + 1%) for 2021/22 in line with government guidance on Social Rent policy for the period 2020/21 to 2024/25.

Council Tax

The policy to apply council tax payers the flexibility to postpone the April – January instalment plan back to June – March which was in place during 2020/21 was ended for 2021/22.

The expected income for the year was established using assumptions made during the pandemic. However, at the end of March 2022, the Council tax base was 1.24% above the approved budget and as a result the Collection Fund is in surplus at year end of £0.665m, as detailed on page 18

Business Rates

In response to COVID-19, the Government provided business support through loans, tax deferrals, business rates reliefs, and general and sector-specific grants to those hit the hardest.

During the year ended 31 March 2022, the Council had given a total (£14.876m) in COVID-19 business rates reliefs to ratepayers. The General Fund is compensated for its share of these reliefs by Government Section 31 grant funding.

During 2021/22 the actual business rates billed and accounted for was more than the budgeted amount due to growth being higher than estimated.

As a result, in still challenging circumstances, there is a surplus on the Collection Fund at the end of 2021/22, as detailed on page 18.

COVID-19 Pandemic

The Covid-19 pandemic continued to affect many aspects of Council activity during 2021/22, and with the lifting of remaining restrictions in February 2022 the Council entered into a new phase of management.

Government funding was received in lower levels than in 2020/21, with further funding for income losses from sales, fees and charges for the first quarter of the year and general related pressures as announced in the 2021/22 Provisional Settlement for Local Government in December.

Note 15 to the accounts includes £14.718 million of revenue grants and contributions relating to Covid-19 (including £3.872 million of business rates relief funding).

The Council has also administered the distribution of around £2.828 million in business grants on behalf of the government. These grants are not included as income and expenditure in the Statement of Accounts as the Council has acted as an agent of the government in their distribution.

The table below summarises the grants received and how they have been applied;

Grants and Income	£000
Agent Grants	7,130
Non-Specific Government Grants	3,898
Service Grants	662
Grand Total	11,690

It can be seen from the Finance and Performance Monitoring 2021/22 year end report and the Statement of Accounts, that the Council has responded appropriately. The continued commitment and close monitoring resulted in some of the initial risks highlighted in the year being financially mitigated through maximising income support opportunities and service actions which has resulted in an overall balanced position and increased level of reserves.

However, it does need to be noted that the recovery will take some time and will have an immediate impact on future years income streams from Council Tax, Business rates and Sales Fees and charges.

Sales Fees and Charges (Government support for in year losses)

This scheme was offered by Government to support local authorities for income losses resulting from the COVID-19 pandemic. This claim had conditions and provided 75% of the total income loss when compared with 95% of the budget after deducting any related cost savings. This compensation scheme continued until 30 June 2021 and the final claim resulted in a total of (£0.154m) for 2021/22. However this radical change in behaviour on the high street and flexible working may have a longer term impact on significant sources of income to the Council and will need to be considered in future budget planning.

General Fund

The budget for 2021/22 was approved on 22 February. This included portfolio related spend of £15.810m which is an increase of £0.573m from the 2020/21 financial year. Portfolio related spend includes the costs and fees and charges relating to the services that we provide.

The budget for the year included growth to mitigate against service pressures and inflation of £0.635m, savings and income of £0.758m and key decisions of £1.248m. After taking into consideration corporate items such as Minimum Revenue Provision and planned contributions to reserves the total budget for the General fund was £10.998m.

Included within the budget was income from Council Tax of (£8.606m) and business rates of (£6.114m), of which (£2.932m) is contributed to the business rates equalisation reserve to mitigate against the impact of the business rates reset expected on the 1 April 2023

As reported to Cabinet on 27 June, the 2021/22 total Portfolio expenditure was £16.364m against a revised budget of £15.545m, resulting in a pressure of £0.819m. The outturn position includes total service carryforwards of (£0.432m).

After adjusting for net cost of borrowing, the Minimum Revenue Provision for the repayment of debt and other corporate items, the net overspend on Total Net Revenue Expenditure is £0.060m.

Portfolio expenditure

The year-end position on portfolio net expenditure is set out in the following table.

Portfolio	Revised Budget £000	2021/22 Spend £000	Carry forward and Reserves £000	Revised Actual £000	Net Variance £000
Communities, Homes, Digital and Communications	2,490	2,678	51	2,729	239
Finance, Performance, Legal and Governance	2,839	2,873	(3)	2,870	31
Growth and Investment	1,521	1,193	319	1,512	(9)
Leisure and Wellbeing	3,200	3,364	(74)	3,290	90
Operation and Traded Services	3,908	4,020	178	4,198	290
Regulation and Safety	1,298	1,282	(3)	1,279	(19)
Executive Director	120	284	0	284	164
Change and Transformation	169	157	45	202	33
Net Portfolio Expenditure	15,545	15,851	513	16,364	819
Net cost of borrowing and Investment Income	469	31	(17)	14	(455)
Minimum Revenue Provision	1,505	1,459	0	1,459	(47)
Other corporate items	(972)	(1,979)	750	(1,229)	(257)
Total Net Revenue Expenditure	16,548	15,362	1,246	16,608	60

This year has seen a large number of vacancies within services across all portfolios. With the move to a more agile way of working, this has meant more job opportunities have become available and Rugby Borough Council is now competing with a much wider range of recruiters. As at 31 March 2022, 42.79 full time equivalent posts were vacant which equates to 11% of the budget. Due to the large number of vacancies, recruitment expenses have risen following the use of innovation such as microsites to promote Rugby Borough Council as a place to work on top of targeted recruitment using partners such as WM Employers. In addition to this, jobs have had to be re-advertised on multiple occasions following the unsuccessful campaigns.

Corporate Items, Income and Reserve Transfers

Within Corporate Items, there has been a (£0.659m) saving relating to £1.100m COVID recovery fund. This was established to support the Council with the loss of income and the additional costs from dealing COVID-19; there is a saving of (£0.443m) Net Cost of Borrowing (NCoB) due to delays in the delivery of the capital programme and reviewing the funding of the schemes in the programme; and an £0.083m pressure reported against the Corporate Savings Target – which although not allocated to a scheme, vacant posts seen within the portfolios during the financial year has fully mitigated this pressure.

After taking into account both the Portfolio pressures and the Corporate Savings the Council had an overall total saving of £1.246m. As a result of this Members have made a number of strategic decisions including;

1. (£0.500m) – Establish a new Corporate Inflation Budget, held centrally to mitigate the impact of inflation increases in 2022/23.
2. (£0.250m) –to help fund improvements to the security of the Town Hall and COVID-19 related adaptations that may be required due to the return to the workplace
3. (£0.200m) – To continue the review of the Town Centre to incentivise growth and footfall alongside the creation of a Business Support Programme to provide grants to independent retailers to support those with a presence in the Town Centre

Other budgeted grant funding reports a further increase in income of (£0.038m) over and above initial budgeted estimates.

The sources of income from which the net revenue expenditure was financed, are set out in the following table to give the final net budget position for the year.

	Revised Budget £000	Actual £000	Variance £000
Total Net Revenue Expenditure	16,548	15,426	(1,122)
Retained Business Rates	471	(2,461)	(2,932)
Council Tax	(8,606)	(8,606)	0
New Homes Bonus Grant	(1,780)	(1,780)	0
Other Grants	(1,083)	(1,121)	(38)
Total Corporate Income	(10,998)	(13,968)	(2,970)
Carry forward from 2020/21	(585)	(585)	0
Carry forward to 2021/22	0	1,182	1,182
Contribution to Earmarked Reserves	(318)	(603)	(285)
Contribution to/from Budget Stability Reserve	(671)	(407)	264
Contribution to/from Business Rates Equalisation Reserve	(3,976)	(1,045)	2,931
Total Transfers to/from Corporate Reserves and Balances	(5,550)	(1,458)	4,092
NET POSITION	0	0	0

Reserves Balances and Future Strategy

Reserves are kept under scrutiny to ensure that balances are appropriate but also identify where there could be future challenges.

Prior to the financial impact of COVID-19, plans showed that over the medium term the Council was achieving levels of reserves and a general fund balance which continues to meet the risks identified in the financial planning environment. The contributions made to reserves in the past have enabled the Council to establish a level of reserves which;

- recognise the risks of service needs increasing in response to demographic growth or wider economic pressures
- recognise the potential loss of funding from forthcoming changes
- allow for emergency situations and legal challenges which the Council may face
- fund the currently assumed one off impact of the COVID-19 pandemic and help boost the economic recovery

Although the landscape of the authority has shifted post pandemic, the risk assessment completed for reserve usage still identifies that the known risks are mitigated for with the current balances of reserves. However analysis takes place on a quarterly basis to assess this

Below is a summary of the reserve usage during 2021/22

Name of Reserve / Balance	Balance 1 April 2021 £000	Actual Contributions (To)/From £000	Balance as at 31 March 2022 £000
Earmarked Reserves	(1,495)	(719)	(2,214)
Corporate Reserves			
General Fund Balances	(2,250)	0	(2,250)
Business Rates Equalisation	(12,347)	1,045	(11,302)
Budget Stability	(3,048)	341	(2,707)
Climate Change	(500)	0	(500)
Transformation reserve	(500)	100	(400)
Sub total Corporate Reserves	(18,645)	1,486	17,159
Grand Total	(20,140)	767	(19,373)

Earmarked reserves

Relates to a combination of a number of balances with lower balances than the ones identified separately.

Corporate Reserves

A reserves risk assessment is completed for the main corporate reserves set aside to respond to and manage financial risks in the medium term.

The Corporate and General Fund Reserves considered in this analysis are the General Fund balances, the Budget Stability Reserve, the Business Rates Equalisation Reserve, Climate Emergency Reserve and the Transformation Reserve.

Further information on reserves can be found in note X of the accounts.

Inflation risk

The impact of inflation could have a significant impact on the risk assessment, at the time of producing the 2022/23 budget, the national CPI figure was at 9.0% and although there was an expectation that this would increase, scale and speed of this was unknown. To recognise the risk, 34% (£0.100m) of the gas and electricity budget was identified within the reserve risk assessment each year within the assessment to mitigate against increased costs. Based on the the latest forecast it is possible that prices will increase by 33% in the year which means a pressure of £0.107m for the general fund and £0.062m for the HRA

In order to manage the impact of inflation in the 2022/23 financial year, £0.500m from the savings within the 2021/22 position will be used to establish a Corporate Inflation Budget. This budget will be initially held centrally and will be allocated to services as the true extent of the pressure is established. This is a one year solution and will limit the drawdown of reserves during 2022/23, the budget setting process for 2023/24 will need to deal with the impact of the additional costs across the medium term financial plan.

Collection Fund

Council Tax

The amount accounted for within the General Fund in 2021/22 is fixed to the budgeted amount of council tax billed during the year, not the actual cash collected. Any difference between the actual amount collected and the initial forecast will generate a surplus or deficit on the Collection Fund, to be met from or credited to future years' budgets.

For 2021/22 the actual cash position for council tax was an overall surplus of (£0.665m). This will be distributed between ourselves, Warwickshire County Council and The Office of the Police and Crime Commissioner for Warwickshire in the relevant shares, as detailed in the Collection Fund Statement Note 3. Our share of the surplus is (£0.074m) and this will be allocated to the General Fund in 2022/23.

Business Rates

The Council sets its business rates income budget on 31 January each year and it was forecast that the Council would generate (£52.008m) net business rates income during 2021/22 with Rugby Borough Council retaining (£6.114m).

The outturn position is shown below.

Business Rates Income	2021/22 Budget £000	2021/22 Outturn £000	Variance £000
RBC share of BR Income @ 40% (as per the NNDR1 forecast)	(20,803)	(20,803)	0
Less Tariff	13,272	13,272	0
Gross Amount Retained	(7,531)	(7,531)	0
Section 31 Grants	(1,491)	(3,872)	(2,381)
Levy Payment	3,108	3,738	630
Net Retained Income	(5,914)	(7,665)	(1,751)
Coventry & Warks' BR Pool Income	(200)	(1,378)	(1,178)
Total Business Rates Income	(6,114)	(9,043)	(2,929)

The 2021/22 budget surplus of (£2.929m) is due to:

- In accordance with legislation, the business rates income recorded in the General Fund is fixed to the statutory NNDR1 estimate, no matter how much business rates are actually billed or received.
- Similar to 2020/21, the extended business rates relief for businesses within the retail, hospitality and leisure sector and other businesses such as nurseries (£5.490m) as well as COVID-19 Additional Relief Funds (£2.908m) has had a significant effect on the Council's accounts for 2021/22. Although such measures have been fully funded by the government through the receipt of (£9.889m) of section 31 grants received in the year, the cost of these measures will not be realised until future years due to the accounting requirements associated with this process. As a result, the grants have been contributed to Business rates equalisation reserve and will be released over the medium term financial plan (MTFP).
- The Council is a member of the Coventry & Warwickshire Business Rates Pool (the Pool). The pooling gain in 2021/22 was (£1.378m) which was higher than the budgeted amount of (£0.200m), due to higher than anticipated growth and to the risk based approach taken at budget setting

The surplus has been transferred from the General Fund to the Business Rates Equalisation Reserve (BRER) to offset the actual cash variance on the Collection Fund that will be charged to the General Fund budget in 2022/23.

At year end there was a Collection Fund surplus of £4.187m. This arose because the financial benefits from new business growth was higher than estimated.

The surplus will be distributed between ourselves, Warwickshire County Council and Central Government in the relevant shares, as detailed in the Collection Fund Statement Note 3. The Council's share of the surplus is £1.675m and this will be charged to the General Fund in 2022/23.

Housing Revenue Account (HRA)

The year-end position for 2021/22 on the HRA is per the table below.

	Revised Budget £000	Actual £000	Variance £000
Expenditure	12,976	12,835	(141)
Income	(16,592)	(16,502)	450
Net cost of HRA Services	(3,976)	(3,667)	309
Contributions to (+) / from (-) reserves	4,252	3,943	(309)
Surplus (-) / Deficit for year	0	0	0

The saving on expenditure mainly relates to a reduction in costs such as security, cleaning and associated costs of supporting tenants, following the earlier than expected decant of Rounds Gardens.

The shortfall on income is largely due to the decant of properties at the Rounds Garden earlier than anticipated and there was a higher number of void properties than the budgeted level.

Reserve Transfers and Balances

The level of the HRA Revenue balances was re-assessed a number of year ago considering potential risks arising from the Council's capacity to manage in-year budget pressures and the wider reform and regulatory environment.

In summary, there was an in year movement of £5.403m on HRA reserves and the overall balance held as at 31 March 2022 is (£18.033m) as follows;

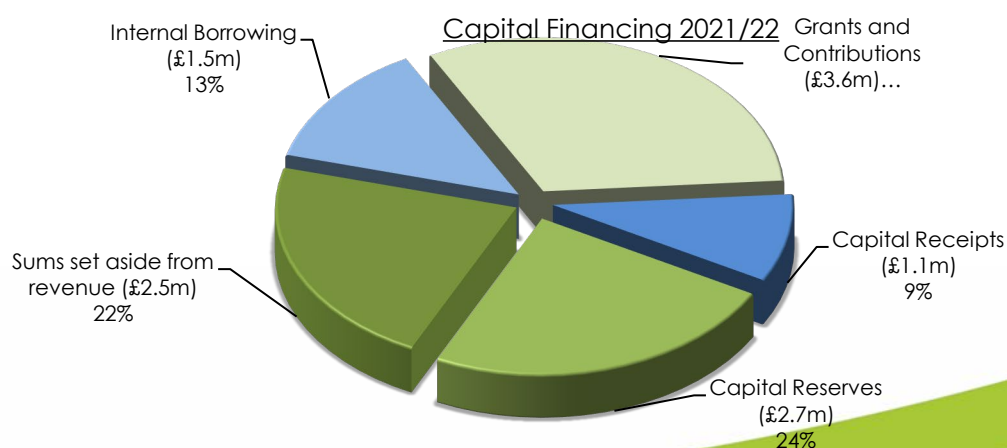
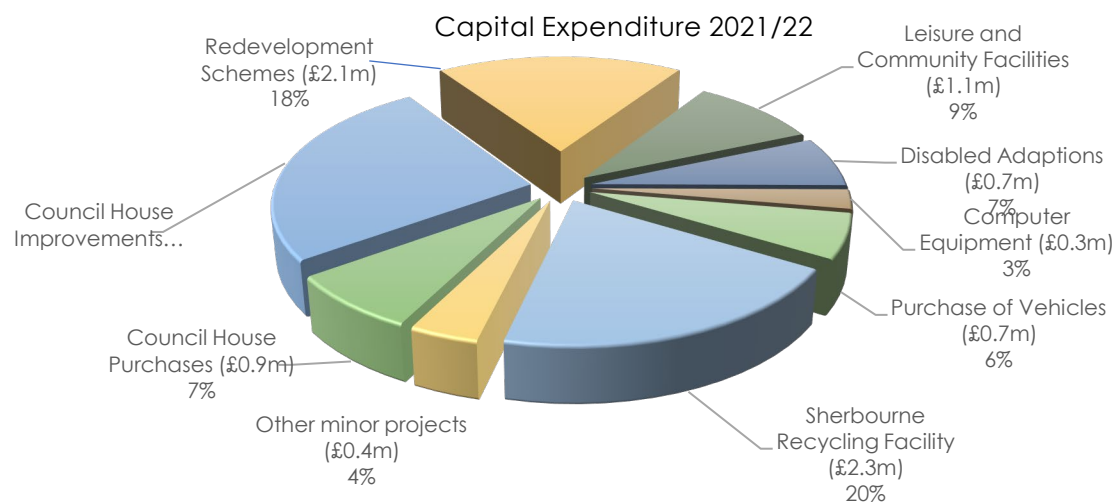
Name of Reserve / Balance	Balance 1 April 2021 £000	Actual Contributions (To)/From £000	Balance as at 31 March 2022 £000
HRA Revenue Balances	(5,085)	358	(4,727)
HRA Capital Investment Balances	(14,402)	2,365	(12,037)
HRA Major Repairs Reserve	(3,373)	2,729	(644)
Housing Repairs Account	(316)	0	(316)
Sheltered Housing Rent Reserve	(260)	(49)	(309)
Net cost of HRA Services	(23,436)	5,403	(18,033)

Capital

Capital expenditure is defined as expenditure on the purchase, improvement or enhancement of assets, the benefit of which impacts for longer than the year in which the expenditure is incurred. Capital expenditure for the year was £11.398m. The expenditure analysed by portfolio was:

Portfolio	Revised Budget	Actual	Year end Slippage into 2022/23	Variance
	£000s	£000s	£000s	£000s
Finance, Performance and Governance	69	37	32	0
Operation and Traded Services	3,986	2,837	1,180	31
Leisure and Wellbeing	1,542	858	686	2
Regulation and Safety	142	116	47	21
Communities, Homes, Digital and Communications	4,501	1,353	538	(2,610)
Total General Fund	10,240	5,201	2,483	(2,556)
HRA	12,974	6,197	5,611	(1,166)
Total	23,214	11,398	8,094	(3,722)

The graphs below show how the money was spent and how it was financed.



Capital Receipts and Capital Grants

At 31 March 2022, the Council also held (£15.854m) of capital receipts (HRA: (£9.942m) General Fund: (£5.912m) and (£0.022m) capital grants and contributions that had not yet been applied for financing expenditure. In 2021/22, (£2.168m) of receipts (net of pooling payments) were raised from the sale of 28 HRA properties under Right-to-Buy. Further information on capital financing can be found in Note 24.

Current Borrowing and Capital Resources

All of the borrowing disclosed in the balance sheet relates to the financing of capital expenditure incurred in 2021/22, earlier years, and for future years. The total currently stands at £90.60m (both short and long-term borrowing) as shown on the balance sheet.

Pension Fund

The Council's pension fund liabilities at 31 March 2022 are £19.8m, a decrease of £20.6m on that reported at 31 March 2021. One of the major reasons behind the increase is the change in the discount rate used in the assessment of future liabilities, and the increase in the value of investments, as the economy recovers from the effects of the pandemic.

The Council took the opportunity to make an early payment of £7.990m in respect of its employer pension contributions in April 2020, for the three year period to March 2023. The discount offered by Warwickshire Pension Fund was greater than the return that could be generated through investing the resources.

Future Financial Outlook and Financial Resilience

Future Funding

The Council faces a number of funding challenges, the most significant being:

- The legacy of the COVID-19 Pandemic on the local economy .
- The loss of all existing growth due to the Business Rates Reset. The reset of the system could redistribute the business rates growth generated since 2013/14, the point at which the retained rates system was introduced.
- The outcome of the Fair Funding Review which could result in a reduction in our assessed funding need.
- The impending end of the New Homes Bonus scheme.
- The impact of rising inflation

It was confirmed in the Spending Review 2021 (SR21) that there would be no baseline reset in 2022/23 (initially planned for 2019/20). This means the BRRS effectively rolls forward unchanged for a further year. This provides some confidence that a continued benefit of retained growth of (£4.133m) above the baseline will be available to be transferred into the BRER.

With no confirmation of any funding reforms as part of the SR22 there is still still no updates to the planned reforms. This uncertainty makes financial planning for future years extremely challenging, as even the smallest of changes to one of the many variables can result in very different outcomes. If all of these came into effect, cumulatively the potential losses aggregate to a sizeable financial loss.

2022/23 budget

The 2022/23 General Fund revenue balanced budget was delivered and approved on 22 February 2022 and totalled a net £20.880m. This is an increase of £9.882m from 2021/22, but this is largely as a result of the £6.586m reversal of the use of reserves required as a result of the accounting treatment of section 31 grant funding to deal with the Business rates discounts provided as a result of the pandemic in 2021/22. Portfolio service expenditure increased from £15.809m to £16.145m, an increase of £0.336m. Significant expenditure items include £0.754m in relation to inflation and salary adjustments and a reduction of £0.175m in relation the income target for Housing Benefit overpayments. To offset this, income and savings of £0.417m have been identified and through the completion of savings delivery plans the delivery will be RAG rated and through post delivery reviews the impact of the items will be analysed by the Leadership Team.

Key Decisions of (£0.698m) within services have assisted in balancing the budgets, this includes a reduction of 29% of the COVID-19 recovery fund, anticipating that the ending of restrictions will lead to an increase in income and a reduction of costs.

The Government decision to continue to provide a grant for a further year with no legacy payment for New Homes Bonus with the existing thresholds set at 0.4% of growth, means that the Council does not receive NHB funding for the first 172 homes delivered each year. Funding from this scheme is (£1.934m) in 2022/23, which is an increase of £0.154m compared to 2021/22.

After taking all the previous adjustments in to account, in addition to other corporate adjustments, the 2022/23 budget was balanced with Council approving a £5 increase in the Band D equivalent council tax, which is in line with the maximum permitted as published in the provisional settlement and after taking into account the tax base increase, will generate an extra £0.390m for the Council .

Medium Term Financial Plan

The 2022-26 Medium Term Financial Plan (MTFP) presented to Council at council tax determination on 22 February 2022 is illustrated in the table below;

	2022/23	2023/24	2024/25	2025/26
	£000s	£000s	£000s	£000s
Base Budget	11,066	20,875	13,977	14,817
Growth Requirements	1,175	698	556	566
Other Corporate Adjustments	(230)	362	225	125
Savings and Income	(419)	(156)	(75)	(210)
Key Decisions	9,289	(4,602)	124	(33)
Savings/transformation required	0	(3,200)	0	(64)
Revised Budget Requirement	20,880	13,977	14,807	15,201
Financed by;				
Government Funding	(2,490)	(488)	(463)	(350)
Council Tax	(9,023)	(9,828)	(9,828)	(10,244)
Collection Fund Surplus/Deficit CT	(103)	0	0	0
Business Rates including Damping	(9,262)	(4,082)	(4,516)	(4,607)
Total Funding Requirement	(20,880)	(13,977)	(14,807)	(15,201)
Net Variance	0	0	0	0

The shortfall of £3.200m in 2023/24 reflects the estimated the significant items;

- £0.698m - assumed growth and inflation,
- £1.786m - no additional in year NHB rewards deferred for a further 12 months from the original planned end date of 1 April 2022.

The MTFP also forecasts no change to the Settlement Funding Assessment and the 100% baseline reset will be re-evaluated based on the level of business rates in 2021/22. Whilst it is assumed any growth achieved after this date will be retained, the MTFP continues to budget for this to be transferred to the Business Rates Equalisation reserve. In particular, the plan assumes a total of (£1.137m) from additional business rates for 2022/23 with a total of (£4.133m) which is excluded from the net budget requirement. This will taper the net budget reductions caused by the reset and go some way to help prevent a cliff-edge drop in the estimated net budget in 2023/24.

The significant risks remain on future baseline funding levels and any retention of growth. However, this will continue to be reviewed and updated as further information is made available. The assumptions across the medium term include;

- SFA income across the MTFP is assumed to remain at an estimated level of (£2.900m) on reset from 2023/24. The Review of Relative Needs and Resources will be focussing on this area of funding for all authorities which presents a risk to the Council if the assessment of needs is reduced.
- Following the reset, it is assumed that there will be a significant reduction in the proportion of growth that the authority retains. With total growth dropping from (£4.133m) in 2022/23 to (£1.506m) in 2023/24
- The Council continues to contribute to the BRER with business rates growth above the sustainable baseline.

Addressing the budget gaps

Whilst the Council cannot predict the outcome of both the fair funding and business rates baseline review, we are preparing for a significant reduction in business rates funding moving forward. The MTFP 2022/23 has highlighted the future risks to funding with Officers formulating budgetary plans to address all potential scenarios.

In addition, the existing MTFS sets out a suite of financial policies to provide a framework that will guide our financial planning and decision making throughout the life of the strategy, these assumptions will be updated as part of the update of the document for the 2023/24 financial year.

Financial Resilience Conclusion

A balanced draft General Fund revenue budget has been presented for 2022/23. However, due to the current challenging financial environment further savings and transformation still need to be identified in order to deliver a balanced budget across the medium term. As well as the medium term impact of COVID-19, the high level of uncertainty around retained business rates and the reset of the system presents a considerable risk to our finances from 2023/24 onwards.

For the HRA, the regeneration of both Biart Place and Rounds Gardens sites will fundamentally impact on the scale of the resources available across the medium to long term.

Financial Statements

The Accounts set out our income and expenditure for the year and our financial position at 31 March 2022. It is comprised of core and supplementary statements, together with disclosure notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 which in turn is underpinned by International Financial Reporting Standards; A Glossary of key terms can be found at the end of this publication.

The Primary Financial Statements

The Comprehensive Income and Expenditure Statement (CIES) records all of our income and expenditure for the year, in accordance with generally accepted accounting practices (GAAP). The top half of the statement provides an analysis by portfolio, in-line with our organisational structure. The bottom half of the statement deals with corporate transactions and funding. Expenditure represents a combination of:

- services and activities that the Council are required to carry out by law (statutory duties) such as street cleaning and planning; and,
- discretionary expenditure focussed on local priorities and needs, such as leisure and culture.

A Movement in Reserves Statement is a summary of the changes to our reserves over the course of the year. Reserves are divided into “useable”, which can be invested in capital projects or service improvements, and “unusable” which must be set aside for specific purposes.

The Balance Sheet statement is a “snapshot” of our assets, liabilities, cash balances and reserves at the year-end date.

The Cash Flow Statement shows the reason for changes in our cash balances during the year and whether that change is due to operating activities, new investment, or financing activities (such as repayment of borrowing and other long-term liabilities).

Notes to support the primary statements

The Expenditure and Funding Analysis (EFA)

The note shows how annual expenditure is used and funded from resources (Government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by councils in accordance with GAAP. It also shows how this expenditure is allocated for decision making purposes between our portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CIES.

This note is positioned ahead of the primary financial statements, to help explain the transition between those amounts presented within the Narrative Statement for the purpose of reporting to members and management and those amounts contained within the primary financial statements that have been prepared in accordance with GAAP.

Additional Notes

The other notes are presented after the core statements and provide more detail about the Council’s accounting policies and individual transactions.

Supplementary Statements

The Housing Revenue Account (HRA) reflects the statutory obligation to maintain a revenue account for local authority housing provision. It includes the debit and credit items required to be taken into account in determining the surplus or deficit on the HRA for the year. The HRA is incorporated into the Comprehensive Income and Expenditure Statement

The Collection Fund Statement includes transactions relating to council tax and business rates income. Rugby Borough Council is responsible for collecting local taxes on behalf of Warwickshire County Council, Office of the Police and Crime Commissioner for Warwickshire, Parish Councils and the Borough Council itself, these are all accounted for within the Collection Fund.

The Annual Governance Statement

The Annual Governance Statement sets out the governance structure of the Council and its key internal controls.

Further Information

If you would like to receive further information about the Accounts, please contact the Financial Services Team.

Email: contactcentre@rugby.gov.uk

Telephone: [\(01788\) 533533](tel:(01788)533533)

Address: Town Hall, Evreux Way, Rugby, CV21 2RR.

Statement of Responsibilities

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required:

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

Responsibilities of the Chief Officer – Finance and Performance

The Chief Officer – Finance and Performance, as the designated Section 151 Officer for the Council, is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

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

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice;
- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Chief Officer – Finance and Performance

I certify that this Statement of Accounts has been prepared in accordance with proper practices and presents a true and fair view of the financial position of the Council at 31 March 2022 and its expenditure and income for the year then ended.

Jon Illingworth
Chief Officer – Finance and Performance

Date xx xxx 2022

Approval of Statement of Accounts

In accordance with the Accounts and Audit Regulations 2015 I certify that the Statement of Accounts was approved by the Audit and Ethics Committee

Paul Dudfield
Chairman of the Audit and Ethics Committee

Date xx xxx 2022

The Primary 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 or rents. Authorities raise taxation and rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2020/21				Note	2021/22		
Gross Expenditure	Gross Income	Net Expenditure			Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000	
19,065	(16,396)	2,669	Communities & Homes		18,578	(15,568)	3,010
247	(154)	93	Digital & Comms		734	(558)	178
222	(0)	221	Executive Director's Office		732	(123)	609
1,221	(320)	901	Finance & Performance		1,515	(422)	1,092
2,843	(1,257)	1,585	Growth & Investment		3,191	(1,778)	1,412
20,162	(16,565)	3,598	Housing Revenue Account		18,870	(16,522)	2,348
2,020	(51)	1,969	Legal & Governance		2,338	(247)	2,091
4,781	(1,132)	3,649	Leisure & Wellbeing		5,726	(2,000)	3,726
7,365	(3,012)	4,354	Operations & Traded		7,845	(3,203)	4,642
3,119	(1,801)	1,318	Regulation & Safety		3,323	(1,822)	1,501
3,823	(403)	3,421	Corporate Items		8,528	(76)	8,452
64,867	(41,089)	23,778	Total Cost of Services		71,380	(42,319)	29,061
1,499	(28)	1,471	Other Operating Expenditure		1,394	(1,387)	7
3,812	(1,541)	2,271	Financing and Investment Income and Expenditure		3,518	(2,388)	1,230
13,272	(41,507)	(28,235)	Taxation and Non-specific Grant Income		13,272	(44,016)	(30,744)
83,407	(84,122)	(715)	(Surplus)/Deficit on Provision of Services		89,564	(89,500)	(446)
			Other Comprehensive Income and Expenditure				
		(9,044)	(Surplus)/Deficit on revaluation of Property, Plant and Equipment				(9,465)
		13,558	Remeasurement of the net defined benefit liability/(asset)				(20,589)
		4,514	Total Other Comprehensive Income and Expenditure				(30,054)
		3,799	Total Comprehensive Income and Expenditure				(30,500)

Movement in Reserves

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. Usable reserves are those reserves that may be used to provide services subject to statutory limitations on their use. The second category of reserves cannot be used to provide services, such as reserves that hold unrecognised gains and losses (for example the Revaluation Reserve) or Pension Reserves.

The statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax or rents for the year. The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following the adjustments. The reasons for the movements are explained in the Narrative statement and in notes 16 and 17.

2021/22	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2021	(22,391)	(20,063)	(9,901)	(3,374)	(646)	(56,375)	(129,328)	(185,703)
Movement in Reserves during 2021/22								
Total Comprehensive Income and Expenditure	(4,414)	3,968				(446)	(30,054)	(30,500)
Adjustments between accounting basis and funding basis under regulations	4,823	(3,615)	(5,953)	(432)	15	(5,162)	5,162	-
(Increase)/Decrease in 2021/22	409	353	(5,953)	(432)	15	(5,608)	(24,892)	(30,500)
Balance at 31 March 2022	(21,982)	(19,710)	(15,854)	(3,806)	(631)	(61,983)	(154,220)	(216,203)

2020/21	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Council Reserves £000
Balance at 31 March 2020	(12,004)	(20,729)	(9,646)	(2,190)	(888)	(45,457)	(144,044)	(189,501)
Movement in Reserves during 2020/21								
Total Comprehensive Income and Expenditure	(3,980)	3,265				(715)	4,514	3,799
Adjustments between accounting basis and funding basis under regulations	(6,407)	(2,599)	(255)	(1,184)	242	(10,202)	10,202	-
(Increase)/Decrease in 2020/21	(10,387)	666	(255)	(1,184)	242	(10,917)	14,716	3,799
Balance at 31 March 2021	(22,391)	(20,063)	(9,901)	(3,374)	(646)	(56,374)	(129,328)	(185,702)

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.

	Note	31 March 2022 £000	31 March 2021 £000
Property, Plant & Equipment	19	243,427	246,071
Heritage Assets	20	34,428	28,546
Investment Property	21	690	690
Intangible Assets		346	274
Long Term Investments	37	2,360	39,979
Long Term Advances	25	29	279
Long Term Debtors	26	114	122
Long Term Assets		281,395	315,961
Short Term Investments	40	79,640	82,668
Assets Held for Sale	22	468	3,701
Inventories		304	156
Short Term Debtors	26	10,332	12,083
Cash and Cash Equivalents	28	14,380	8,542
Current Assets		105,123	107,150
Short Term Borrowings	40	(7,758)	(63,151)
Short Term Creditors	27	(18,651)	(21,088)
Short Term Provisions	32	(238)	(673)
Current Liabilities		(26,646)	(84,912)
Long Term Provisions	32	(3,615)	(2,698)
Long Term Borrowing	40	(83,409)	(90,600)
Pension Liabilities	37	(40,407)	(53,575)
Grant Receipts in Advance	18	(16,238)	(5,624)
Long Term Liabilities		(143,670)	(152,497)
Net Assets		216,203	185,702
Usable Reserves	16	(61,982)	(56,374)
Unusable Reserves	18	(154,221)	(129,328)
Total Reserves		(216,203)	(185,702)

Cash Flow Statement

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

	Note	2021/22	2020/21
		£000	£000
Net (Surplus) or deficit on the provision of services		446	715
Adjustment to net surplus or deficit on the provision of services for non-cash movements	29	24,959	12,834
Adjustments for items included in the net surplus or deficit for the provision of services that are investing and financing activities	29	(4,550)	5,648
Net cash flows from Operating activities		20,855	19,197
Investing activities	30	39,829	(17,736)
Financing activities	31	(54,846)	(10,421)
Net increase or decrease in cash and cash equivalents		5,838	-8,960
Cash and Cash equivalents at the beginning of the reporting period		8,542	17,502
Cash and Cash equivalents at the end of the reporting period		14,380	8,542

Notes to the Accounting Statements

Note 1. Basis for Preparation

The notes to the financial statements on the following pages are in order of significance, primarily based on aiding an understanding of the key drivers of the financial position of the Council, whilst maintaining the grouping of notes between the Comprehensive Income and Expenditure Statement and the Balance Sheet where appropriate. The notes relating to specific financial statement lines include the corresponding accounting policy. As a result, there is not a separate principal accounting policies note. However, note 2, General Accounting Policies, details general accounting policies where there are no accompanying notes.

Details of the order of the notes can be found on the contents pages.

Note 2. General Accounting Policies

General

The Statement of Accounts (the Accounts) summarises the Council's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Council is required to prepare annual Accounts by the Accounts and Audit Regulations 2015, which require the Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code), supported by International Financial Reporting Standards (IFRS).

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

Accruals of Income and Expenditure

The Council's revenue and capital activity is accounted for in the year that it takes place, by including sums due to or from the Council in the year, not simply when cash payments are made or received.

Where material income and expenditure amounts 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 (bad debts).

This concept is not applied to electricity and gas supplies and other routine on-going business expenses. However, the Accounts do reflect twelve months' supply in each year and this does not have a material effect on the Accounts.

Fair Value Measurement

The Council measures some of its assets and liabilities at fair value at the end of the reporting period. Fair value is the price that would be received from selling an asset or paid to transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The Council uses external Valuers to provide a valuation of its assets and liabilities in line with the highest and best use definition within the accounting standard. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant.

Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

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

Intangible Assets

Expenditure on non-monetary assets that do not have physical substance are identifiable and controlled by the Council is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council. Normal examples are those of software or software licences, which are initially recognised at cost and which have a useful life of 3 –10 years and the depreciable amount is therefore written down over that useful life.

Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Council as a joint operator recognises:

- Its assets, including any held jointly
- Its liabilities, including any share of any liabilities incurred jointly
- Its revenue from the sale of its share of the output arising from the joint operation
- Its expenses, including its share of any expenses incurred jointly
- The Council has a 50% interest in the Rainsbrook Crematorium Joint Committee with the other 50% relating to Daventry District Council. The decision making and operational arrangements of the Joint Committee fulfil the features associated with a jointly controlled operation in that:
 - Each operator incurs its own expenses and liabilities and raises its own finance, which represent its own obligations; and
 - The joint operation agreement provides a means by which the revenue from the service and any expenses incurred in common are shared among the operators.

Therefore, in line with the contractual arrangements set out in the joint agreement, the Council recognises its share of the operational assets and liabilities of the Joint Committee on its Balance Sheet and also debits and credits the Comprehensive Income and Expenditure Statement with 50% of the expenditure and income of the Joint Committee. This is also recognised in the Movement in Reserves Statement and the Cash Flow Statement as appropriate. Further detail on this Joint Operation is also provided in Note 35, Related Party Transactions.

Overheads and Support Services

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

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, that is, 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 Council'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.

Inventories and Long-term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

Value Added Tax (VAT)

VAT is included in service revenue or capital income and expenditure accounts only when it is not recoverable.

Note 3. Accounting Standards

The Council is required to disclose information relating to the impact on its financial statements of an accounting change that will be required by a new standard that has been issued but has not yet been adopted by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the 'Code'). The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 has introduced some changes to the accounting policies which will be required from 1 April 2022 and will be adopted by Rugby Borough Council from this date.

The changes are related to:

- IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS 16 in the 2022/23 year), Rugby Borough Council is not planning to adopt IFRS for the 2022/23 financial statements.
- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:
- IAS 37 (Onerous contracts) –clarifies the intention of the standard. Rugby Borough Council has no onerous contracts.

None of the matters covered in the annual improvements are dealt with in detail in the 2022/23 Code. During the consultation process on the 2022/23 Code CIPFA/LASAAC did not envisage them having a significant effect on local authority financial statements.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16. Note that this is based on the current position as agreed by CIPFA/LASAAC but the Code has not yet been subject to full due process so this might be subject to change.

Note 4. Critical Judgements

Going Concern

Local Authorities are required by the Code of Practice on Local Authority Accounting 2020/21 to prepare their accounts on the going concern basis, that is that the functions of the Council will continue in operational existence for the foreseeable future, as a local authority can only be discontinued as a result of statutory prescription.

The Council faces significant cost pressures due to inflation, increasing demand for its services, new burdens and other pressures.

The Council has a control environment that will help to manage and minimise risks inherent in its budgets for future years, including a robust approach to financial planning, regular reporting to members and senior officers, using performance reporting as an early warning system and an internal audit function assessing controls and processes.

The Council also continues to focus on commercialisation, effective contract management and working with partners to secure value for money in delivering its strategic aims and priorities.

The Council has a strong track record in terms of delivering savings, generating income and delivering value to its residents, with a constant focus on strategic outcomes and financial prudence. Therefore, whilst the financial challenge facing the Council is significant, there is no evidence to indicate that the assets of the Council might be impaired due to the need to reduce service provision.

On the basis of the controls in place, the Council considers that it can continue to meet its liabilities as they fall due, supporting the preparation of the financial statements on a going concern basis irrespective of the statutory requirements.

Property, Plant and Equipment

Property, Plant and Equipment assets included in the Balance Sheet at current value are re-valued at least once every five years. At each year end, a review is undertaken by the Council's valuer to determine whether the carrying amount of those assets not forming part of the annual cycle of asset revaluations is consistent with their current value. In limited circumstances, property assets are valued at 'fair value' (a price reflecting their best and highest use). Property assets valued on this

basis comprise investment properties, surplus assets and non-current assets held for sale where their fair value is lower than the value in existing use. The criteria for assessing property assets into one of these three categories are subject to a degree of interpretation and judgement.

Leases

The Council has examined its leases, and arrangements that have the substance of a lease, and classified them as either operating or finance leases. In some cases, the lease transaction is not always conclusive and the Council uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership.

Provisions and contingencies

The Council has made judgements about the likelihood of pending liabilities and whether a provision should be made or whether there is a contingent liability. This includes appeals against the rateable value of business properties, legal and other claims that could eventually result in the payment of compensation or other settlement.

The judgements are based on the degree of certainty around the results of pending cases.

Note 5. Assumptions made about the Future

The Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made considering 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.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Other land & buildings £29.8m Council Dwellings £197.4m	Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets. 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.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by approximately £4.6m for every year that useful lives had to be reduced. An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement
Financial instruments	The Council holds £3m (nominal) of units in both Property and Diversified Income Funds. The funds own retail, industrial, office, and other non-residential property holdings.	The value of Financial Instruments will be subject to review, so there may be changes to the values in the Balance Sheet in the future. Fair value gains and losses are recognised as they arrive in the Surplus/Deficit on the Provision of Services. The Council uses the statutory override introduced by MHCLG to transfer these gains/losses to the Financial Instruments Revaluation Reserve.
Provision for Business Rate Appeals	The possible refund from a business rate appeal can vary depending on factors such as; the type of appeal and type of property, together with its geographical location and the probability of appeal success.	Estimates have been made for the provision for refunding ratepayers who may successfully appeal against the rateable value of their properties. This includes the current and previous financial years. The estimate is based on those ratepayers who have appealed. The total appeals provision as at 31 March 2022 is £9.1m, of which the Council's share is 40% (£3.7 million).

Item	Uncertainties	Effect if Actual Results Differ from Assumptions

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability (Pension liability -£40.4m)	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 Local Government Pension Scheme, administered by Warwickshire County Council with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For example, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £3.4 million. A sensitivity analysis upon other variables affecting the net pension liability is set out in Note 37 Pension Costs.

Note 6. Prior Period Adjustments

Revised CI&ES and EFA for 2020/21 to be added here

Note 7. Events after the Reporting Period

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

- Those that provide evidence of conditions that existed at 31 March 2022 – the Accounts are adjusted to reflect such events
- Those that are indicative of conditions that arose after the 31 March 2022 – the Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made of the nature of the event and their estimated financial effect.

No such events have been identified

Note 8. Material Items in the Comprehensive income and Expenditure Statement

None noted

Note 9. Expenditure and Funding Analysis

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

	2021/22					Net Expenditure Chargeable to the General Fund £,000
	Net Expenditure in the CIES £,000	Adjustments between the Funding and Accounting Basis			Total Adjustments £,000	
		Adjustments for Capital Purposes £,000	Pensions Adjustments £,000	Other Differences £,000		
Communities & Homes	3,010	(160)	(330)	15	(474)	2,536
Digital & Comms	178	(343)	(280)	5	(618)	(441)
Executive Director's Office	609	0	(181)	7	(168)	441
Finance & Performance	1,092	0	0	0	(174)	918
Growth & Investment	1,412	(19)	(637)	0	(656)	756
Housing Revenue Account	2,348	(8,500)	(425)	3	(8,922)	(6,573)
Legal & Governance	2,091	(1,602)	(138)	1	(1,738)	353
Leisure & Wellbeing	3,726	0	(212)	3	(209)	3,517
Operations & Traded	4,642	(913)	(577)	3	(1,487)	3,154
Regulation & Safety	1,501	(225)	(240)	10	(455)	1,046
Corporate Items	8,452	0	(433)	0	(433)	8,019
Cost of Services	29,061	(11,761)	(3,453)	47	(15,335)	13,726
Other income and expenditure	(29,507)	10,900	(1,149)	6,793	16,544	(12,963)
(Surplus) or Deficit	(446)	(861)	(4,602)	6,840	1,209	763

Opening General Fund Balances (Includes Earmarked Reserves)	(42,454)
Plus Surplus/(Deficit) on General Fund in Year	763
Closing General Fund Balances	(41,691)

	2020/21 restated					
	Net Expenditure in the CIES	Adjustments between the Funding and Accounting Basis				Net Expenditure Chargeable to the General Fund
		Adjustments for Capital Purposes	Pensions Adjustments	Other Differences	Total Adjustments	
	£,000	£,000	£,000	£,000	£,000	£,000
Communities & Homes	2,669	(168)	(190)	(59)	(417)	2,253
Digital & Comms	93	(317)	(171)	(47)	(535)	(442)
Executive Director's Office	221	0	(59)	(20)	(79)	142
Finance & Performance	901	0	(14)	(42)	(56)	846
Growth & Investment	1,585	(53)	(126)	(18)	(197)	1,389
Housing Revenue Account	3,598	(9,956)	(275)	(52)	(10,283)	(6,685)
Legal & Governance	1,969	1	(78)	(24)	(101)	1,868
Leisure & Wellbeing	3,649	(959)	(122)	(22)	(1,103)	2,546
Operations & Traded	4,354	(724)	(337)	(66)	(1,126)	3,227
Regulation & Safety	1,318	(195)	(139)	(32)	(366)	951
Corporate Items	3,421	-	-	-	0	3,421
Cost of Services	23,778	(12,372)	(1,510)	(381)	(14,263)	9,515
Other income and expenditure	(24,493)	9,548	(888)	(3,403)	5,257	(19,237)
(Surplus) or Deficit	(715)	(2,824)	(2,398)	(3,784)	(9,006)	(9,721)

Opening General Fund Balances (Includes Earmarked Reserves)	(32,733)
Plus Surplus/(Deficit) on General Fund in Year	(9,721)
Closing General Fund Balances	(42,454)

Note 10. Note to the Expenditure and Funding Analysis

The 2020/21 EFA based on Portfolios in place at the time was as follows.

2020/21					
	Pension	Depreciation	Reserve movement	Other	Total
	£000	£000	£000	£000	£000
Growth and Investment	(59)	(580)	(215)	(36)	(890)
Environment & Public Realm	(138)	(1,624)	37	(61)	(1,786)
Communities and Homes – General Fund	(79)	(521)	(99)	(190)	(889)
Communities and Homes - HRA	(275)	(3,249)	(48)	657	(2,915)
Corporate Resources - Non COVID	(62)	(39)	(72)	-	(173)
Corporate Resources – COVID	-	-	-	5,099	5,099
Corporate Resources	(62)	(39)	(72)	5,099	4,926
Executive Directors Office	(19)	(4)	(105)	-	(128)
Net Cost of Services	(632)	(6,017)	(502)	5,469	(1,682)
Other Income and Expenditure			-	(8,038)	(8,039)
(Surplus)/Deficit	(632)	(6,017)	(502)	(2,570)	(9,721)

2020/21				
	Adjustments for Capital Purposes	Pensions Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Growth and Investment	313	219	40	572
Environment & Public Realm	1,618	506	97	2,221
Communities and Homes – General Fund	473	327	93	893
Communities and Homes - HRA	9,956	275	52	10,283
Corporate Resources - Non COVID	12	91	76	179
Corporate Resources - COVID	-	-	-	-
Corporate Resources	12	91	76	179
Executive Directors Office	(1)	91	25	115
Net Cost of Services	12,371	1,509	383	14,263
Other Income and Expenditure			(5,256)	(5,256)
(Surplus)/Deficit	12,371	1,509	(4,873)	9,007

Note 11. Expenditure and Income Analysis by Nature

	2021/22	2020/21
	£000	£000
Expenditure		
Employee benefits expenses	23,221	20,801
Other service expenses	35,662	30,908
Depreciation, amortisation, impairment	12,496	13,115
Interest payments	2,384	2,781
Net interest on the net defined benefit liability	1,134	1,031
Precepts and levies	901	856
Payments to housing capital receipts pool	493	405
Loss on the disposal of assets	(1,281)	238
Total expenditure	74,579	70,135
Income		
Fees, charges and other service income	(12,286)	(10,703)
HRA dwelling rents	(15,561)	(15,482)
Interest and investment income	(2,235)	(1,541)
Income from council tax, non-domestic rates	(13,170)	(10,150)
Government grants and contributions	(32,045)	(32,946)
Gain on disposal of assets	(106)	(28)
	(53)	(48,874)
Total income	(75,457)	(70,850)
(Surplus)/Deficit on the Provision of Services	(446)	(715)

Note 12. Other Operating Expenditure

Other Operating Expenditure	2021/22	2020/21
	£000	£000
Parish Council Precepts	901	856
Payments to the Government housing capital receipts pool	493	405
Other Income - Unattached Receipts	(106)	(28)
(Gains)/Losses on the disposal of non-current assets	(1,281)	238
Total	7	1,471

Note 13. Financing and Investment Income and Expenditure

Financing and Investment Income and Expenditure	2021/22	2020/21
	£000	£000
Interest Payable and similar charges	2,384	2,781
Net interest on the net defined benefit liability	1,134	1,031
Interest Receivable and similar income	(1,440)	(1,440)
Income and expenditure in relation to investment properties and changes in their fair value	(52)	(49)
(Gains)/Impairment of financial assets	(819)	(52)
Total	1,207	2,271

Note 14. Taxation and Non-Specific Grant Income and Expenditure

Taxation and Non-Specific Grant Income	2021/22	2020/21
	£000	£000
Council Tax Income	(8,740)	(8,351)
Retained Business Rates	(17,703)	(15,072)
Business Rates Tariff Payment	13,272	13,272
Non ring-fenced Government grants	(14,718)	(15,898)
Capital grants and contributions	(2,856)	(2,186)
Total	(30,744)	(28,235)

Note 15. Grant Income

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

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

Monies advanced as grants or 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 or Taxation and Non-Specific Grant line in the Comprehensive Income & 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 it has been applied to finance capital expenditure, it is posted to the Capital Adjustment Account. Where the grant has yet to be applied, it is posted to the Capital Grant Unapplied reserve. Amounts in the Capital Grant Unapplied reserve are subsequently transferred to the Capital Adjustment Account once they have been used to fund capital expenditure.

Total Grants Credited to Taxation and Non-Specific Grant Income	2021/22 £000	2020/21 £000
New Homes Bonus	(1,780)	(2,382)
Business Rates Section 31 Grants	(3,872)	(8,121)
Other Non-Specific Revenue Grants	(1,121)	(296)
COVID-19 Non-Specific Revenue Grants	(7,945)	(5,098)
Revenue Grants	(14,718)	(15,898)
Capital Grants Non-Conditional	(2,046)	(16)
Capital Section 106 Funding Non-Conditional	0	(32)
Capital Grants Conditional	(337)	(834)
Capital Section 106 Funding Conditional	(474)	(1,305)
Capital Grants	(2,856)	(2,186)
Total	(17,574)	(18,084)

Grants included as income in the Net Cost of Services	2021/22 £000	2020/21 £000
Credited to Services		
Department for Work and Pensions (DWP) - Housing Benefits Subsidy	(12,517)	(12,937)
Other DWP grants	(504)	(490)
MHCLG grants	(283)	(1,133)
Section 106 Revenue Contributions for Grounds and Waste Services	(172)	(160)
Covid grants	(99)	(524)
Other Revenue Grants & Section 106 Funding	(1,378)	(302)
Revenue Grants and Contributions	(14,953)	(15,545)
MHCLG - Disabled Facilities Grant	(717)	(717)
Section 106 & Other Capital Conditional and Non-Conditional Funding	(18)	(26)
Capital Grants and Contributions	(735)	(743)
Total Grants Credited to Services	(15,689)	(16,288)

The Council has received the following grants and contributions that have yet to be recognised as income as there are conditions attached to them that require the monies to be returned to the awarding body if unspent on relevant expenditure. The balances at the year-end are as follows:

	2021/22	2020/21
	£000	£000
Revenue Section 106 Funding	(3,204)	(783)
Amounts Held for Specific Reasons	(48)	(48)
Council tax rebate	(5,632)	-
Covid 19 Additional relief grant	(2,908)	-
Restart grant	(741)	-
Other Revenue grants	(1,088)	(2,143)
Revenue Receipts Held in Advance	(13,622)	(2,974)
Capital Section 106 funding	(2,411)	(2,578)
Other Capital grants	(205)	(71)
Capital Receipts Held in Advance	(2,617)	(2,649)
Total Receipts Held in Advance	(16,238)	(5,624)

The Council has also received substantial Government funding during the year to passport to recipients to limit the financial impacts of COVID-19 on the economy. The Council has determined that, in the allocation of these grants, it is acting as an agent of the Government as the terms of payment and the recipients are not determined by the Council, and the associated income and expenditure do not form part of the Council's financial statements. The balance left unpaid at the year-end is held as a creditor. Details of the funds received where the Council acts as agent are detailed below.

Grants received where the Council acts as an Agent	2021/22			2020/21
	Income	Expenditure	Balance	Balance
	£000	£000	£000	£000
Dept of Business, Energy & Industrial Strategy - Creditor	(37)	2,445	(669)	(3,076)
Test and Trace Support Scheme	(280)	370	36	(54)
England Sports Council	(14)	13	(2)	-
Total	(332)	2,828	(634)	(3,130)

Note 16. 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 Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council 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 resource 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 years. The balance, however, is not available to be applied to funding HRA activities.

Housing Revenue Account

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

Major Repairs Reserve

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

2021/22	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000
Adjustments to Revenue Resources					
Adjustments by which income and expenditure included in the in comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
Pension costs (transferred to/from the Pensions Reserve)	(4,464)	(308)	-	-	-
Financial Instruments (transferred to/from the Financial Instruments Adjustments Account)	819	-	-	-	-
Council Tax and NDR (transfers to/from the Collection Fund)	5,975	-	-	-	-
Holiday Pay (transferred to/from the Accumulated Absences Reserve)	43	6	-	-	-
Reversal of entries included in the Surplus/Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(3,167)	(11,842)	-	-	15
Total Adjustments to Revenue Resources	(795)	(12,144)	0	0	15
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	4,488	2,937	-	(7,426)	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(493)	-	-	493	-
Posting of HRA resources from revenue to the Major Repairs Reserve	1,459	-	-	-	-
Provision for the repayment of debt (transfer from the Capital Adjustment Account)	164	2,365	-	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-	66	-	(66)	-
Other Adjustment	-	-	-	-	-
Total Adjustments between Revenue and Capital Resources	5,619	5,368	0	(6,999)	0
Adjustments to Capital Resources					
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	-	1,046	-
Use of the Major Repairs Reserve to finance capital expenditure	-	-	2,729	-	-
Application of capital grants to finance capital expenditure	-	3,161	(3,161)	-	-
Total Adjustments to Capital Resources	0	3,161	(432)	1,046	0
Total Adjustments	4,823	(3,615)	(432)	(5,953)	15

2020/21	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000
Adjustments to Revenue Resources					
Adjustments by which income and expenditure included in the in comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
Pension costs (transferred to/from the Pensions Reserve)	(2,092)	(452)	-	-	-
Financial Instruments (transferred to/from the Financial Instruments Adjustments Account)	99	-	-	-	-
Council Tax and NDR (transfers to/from the Collection Fund)	(3,500)	-	-	-	-
Holiday Pay (transferred to/from the Accumulated Absences Reserve)	(329)	(52)	-	-	-
Reversal of entries included in the Surplus/Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(2,193)	(10,134)	-	-	(23)
Total Adjustments to Revenue Resources	(8,015)	(10,638)	-	-	(23)
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	66	1,836	(1,903)	-	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(405)	-	405	-	-
Posting of HRA resources from revenue to the Major Repairs Reserve	-	3,249	-	(3,249)	-
Provision for the repayment of debt (transfer from the Capital Adjustment Account)	1,459	-	-	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	488	2,953	-	-	-
Other Adjustment	-	-	-	-	-
Total Adjustments between Revenue and Capital Resources	1,608	8,038	(1,498)	(3,249)	-
Adjustments to Capital Resources					
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	1,243	-	-
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	2,066	-
Application of capital grants to finance capital expenditure	-	-	-	-	265
Total Adjustments to Capital Resources	-	-	1,243	2,066	265
Total Adjustments	(6,407)	(2,600)	(255)	(1,183)	242

Note 17. Movements in Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2021/22 and future years.

	31 March 2020 £000	Movement 2020/21	31 March 2021 £000	Movement 2021/22 £000	31 March 2022 £000
General Fund					
Budget Stability Reserve	(2,494)	(554)	(3,048)	341	(2,707)
Business Rates Equalisation Reserve	(3,646)	(8,701)	(12,347)	1,045	(11,302)
Section 106 (Developer) Contributions - Revenue	(1,152)	172	(980)	(517)	(1,497)
Emergency climate reserve	0	(500)	(500)	0	(500)
Transformation Fund	0	(500)	(500)	100	(400)
Revenue Grants & Contributions from Third Parties	(409)	(204)	(613)	220	(393)
Welfare Support Reserve	(439)	(21)	(460)	136	(324)
Town Centre Improvement Reserve	(327)	135	(192)	30	(162)
Hall of Fame Licence Reserve	(300)	120	(180)	129	(51)
Carry forward Reserve	(331)	(254)	(585)	(597)	(1,182)
Other smaller reserves e.g., plant & equipment reserves	(655)	(80)	(735)	(120)	(855)
Total General Fund Earmarked Reserves	(9,753)	(10,387)	(20,140)	767	(19,373)
HRA					
Housing Repairs Account	(668)	352	(316)	223	(93)
Housing Revenue Account Capital Balances	(14,765)	363	(14,402)	(611)	(15,013)
Sheltered Accommodation	(212)	(48)	(260)	(49)	(309)
Total HRA Earmarked Reserves	(15,645)	667	(14,978)	0	(14,978)
Total Earmarked reserves	(25,398)	(9,720)	(35,118)	330	(34,788)

Budget Stability Reserve

There are various items within the Council's budget that are subject to significant degrees of volatility or variation from one year to another, often due to factors that are outside the Council's control or influence. This reserve assists the mitigation of such volatility by allowing the Council to call upon it in years where budget overspends occur and conversely replenish it in years where favourable variances arise

Business Rates Equalisation Reserve

This reserve is established to mitigate future fluctuations in the business rates base alongside the risks faced by the Council through the anticipated changes in business rates baseline and fair funding

Emergency climate Reserve

The reserve has been established to support the Council's objective to move operations towards carbon neutrality by 2030.

Transformation Fund Reserve

The reserve will help to facilitate significant service redesign which will support the delivery of the Corporate Strategy and in the achievement of delivering a balanced medium-term financial plan.

Section 106 Developer Contributions

These represent amounts of money paid to the Council during development for specific projects and agreements with developers for the provision of additional facilities as and when land or schemes become available to provide those facilities.

Revenue Grants and Contributions from 3rd Parties

These are grant payments and contributions from 3rd parties to fund expenditure in future years.

Welfare Support Reserve

This reserve will be used to support the Council's housing acquisition plans to reduce temporary accommodation costs.

Town Centre Improvement Fund

This reserve will be used to support developments in the Town Centre intended to improve the experience of using that space for users, whether they be visitors, commuters, pedestrians or drivers.

Hall of Fame Reserve

This reserve is established to cover any remedial costs in the closure of the Hall of Fame.

Carry Forward Reserve

This reserve holds the balances of underspent General Fund revenue budgets in 2021/22, where expenditure has slipped or been deferred to 2022/23.

Other Smaller Reserves

The Council has set aside a number of smaller reserves to support projects or to cover deferred and delayed expenditure.

Housing Repairs Account and HRA Capital Investment Balances

An annual assessment is made on the need to support projects or to cover deferred and delayed expenditure relating to the HRA and related council house repairs and maintenance or capital projects.

Note 18. Unusable Reserves

The following table shows the value of unusable reserve balances that have arisen as a result of accounting adjustments. These reserves are not available to spend.

	31 March 2022 £000	31 March 2021 £000
Housing Act - Deferred Capital Receipt	(29)	(29)
Revaluation Reserve	(69,368)	(62,856)
Capital Adjustment Account	(125,402)	(129,682)
Financial Instruments Revaluation Reserve	(1,123)	(304)
Pension Reserve	43,070	58,888
Collection Fund Adjustment Account	(1,829)	4,146
Accumulated Absences Account	460	509
	(154,221)	(129,328)

Details of the significant unusable reserves are set out in further tables below.

Revaluation Reserve

This reserve represents mainly the balance of the gains and losses arising on the periodic revaluation of current assets.

	2021/22		2020/21	
	General Fund	HRA	Total	Total
	£000	£000	£000	£000
Opening Balance	(35,267)	(27,589)	(62,856)	(54,965)
Upward Revaluation of assets	(6,364)	(6,590)	(12,954)	(10,698)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	178	3,312	3,490	1,654
Surplus on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	(41,453)	(30,867)	(72,320)	(64,009)
Difference between fair value depreciation and historical cost depreciation	496	470	966	949
Accumulated gains on assets sold or scrapped	1,659	327	1,986	204
Balance as at 31 March	(39,298)	(30,070)	(69,368)	(62,856)

Capital Adjustment Account

This account represents the amounts set aside from revenue resources or capital receipts to finance expenditure on non-current assets or for the repayment of loans as well as other capital financing transactions as required by the Accounting Code of Practice.

	2021/22 £000	2020/21 £000
Opening Balance	(129,680)	(132,405)
Reversal of Items relating to Capital Expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
General Fund charges for depreciation of non-current assets	2,514	2,240
HRA charges for depreciation of non-current assets	3,158	3,249
Revaluation and impairment loss: Property, Plant & Equipment	5,843	6,395
Amortisation of Intangible Assets	191	428
Changes in the Fair Value of Financial Instruments	0	20
Revenue Expenditure funded from Capital under Statute	790	803
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	6,104	2,113
	18,600	15,248
Adjusting Amounts written out of the Revaluation Reserve	(2,952)	(1,153)
Net written out amount of the cost of non-current assets consumed in the year	(114,032)	(118,547)
Capital financing applied in the year		
Use of the Capital Receipts Reserve to finance new capital expenditure	(1,046)	(1,243)
Capital expenditure charged against the General Fund & HRA balances	(2,529)	(3,441)
Use of the Major Repairs Reserve to finance new capital expenditure	(2,729)	(2,065)
Capital Grants & Contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	(3,606)	(3,163)
Provision for the financing of capital investment charged against the General Fund & HRA	(1,460)	(1,458)
	(11,370)	(11,370)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income & Expenditure Statement	0	0
	(125,402)	(129,680)

Pension 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 Council 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 Council 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 Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits become payable.

The difference of £2.6m between the Pensions Reserve and the Pensions Liabilities has been estimated at 31 March 2022 and represents the net present value of the employer contributions for 2022/23 paid in April 2020.

	31 March 2022	31 March 2021
	£000	£000
Balance at 1 April	58,888	42,787
Remeasurement of the net defined benefit liability	(20,589)	13,558
Reversal of items relating to retirement benefits included in the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	7,668	5,323
Employer's pensions contributions and direct payments to retiree's payable in the year	(2,896)	(2,780)
Balance as at 31 March	43,071	58,888

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the difference 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.

	31 March 2022	31 March 2021
	£000	£000
Balance at 1 April	4,146	646
Difference between Council Tax and Business Rates income is accounted for in the Comprehensive Income and Expenditure Statements and the Collection Fund.	(5,975)	3,500
Balance as at 31 March	1,829	4,146

Accumulated Absences Account

This represents the holiday pay unpaid at 31 March 2022 but included in Gross expenditure for the year.

	2021/22 £000	2020/21 £000
Balance at 1 April	509	128
Settlement or cancellation of accrual made at the end of the preceding year	(509)	(128)
Amounts accrued at the end of the current year	460	509
Balance as at 31 March	460	509

Note 19. Property, Plant and Equipment

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure on assets under this level is not capitalised within the Accounts and the assets are fully depreciated within the year.

Measurement

Assets are initially measured at cost, comprising:

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

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

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

- Infrastructure assets, community assets and assets under construction are carried at historic cost, net of depreciation where appropriate.
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective;
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. This includes assets such as the Queen's Diamond Jubilee Leisure Centre, Benn Hall and the John Barford Car Park.

Where non-property assets have short useful lives and/or low values, for example, vehicles and IT equipment, they are measured at depreciated historical cost as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Land and building assets under £10,000 are not revalued, with the exception of investment properties. Increases in valuation are added to the Revaluation Reserve to recognise unrealised gains or may be credited to the Comprehensive Income & Expenditure Statement to reverse a previous downward revaluation.

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

- 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 in the Comprehensive Income & Expenditure Statement.

Impairment

Assets are assessed at each year-end to determine 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 as per decreases in value noted above.

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

Depreciation

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

Where depreciation is provided for, assets are depreciated using the straight-line method over the following periods:

- Dwellings and other buildings – 5-60 yrs.
- Vehicles, plant and equipment – 3-25 yrs.
- Infrastructure – 5-40 yrs.

Depreciation is charged in full on council dwellings in the year of disposal.

Revaluation 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.

Componentisation

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The Council has established a threshold of £0.5m for determining whether an asset needs to be componentised and any individual element of more than 25% to determine whether an asset is considered as a component.

The carrying amount of a replaced or restored part of an asset (component) is derecognised, with the carrying amount of the new component being recognised subject to the principles set out in Recognition and Measurement above. This recognition and derecognition takes place regardless of whether the replaced part had been depreciated separately.

Subsequent Expenditure on Property, Plant and Equipment

Subsequent costs incurred on an asset previously recognised as Property, Plant and Equipment will only be capitalised if they result in items with physical substance and meet the recognition principle that

- It is probable that future economic benefits or service potential associated with the item will flow to the Council; and
- The cost of the item can be measured reliably.

Exceptions to the general approach of comparing the outcome of expenditure compared to previously assessed levels of performance:

- Where subsequent expenditure will actually increase the level of performance of an asset in generating economic benefits or providing service potential but does not increase the level of performance previously assessed by the Council for that asset, then the assessment can be updated (through a revaluation adjustment) and the new expenditure capitalised.
- Where subsequent expenditure represents the replacement of a component of an existing asset provided that the old component can be written out of the Balance Sheet.

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written out. The receipts from the disposal is used to calculate the gain or loss on disposal disclosed in note 12: Other Operating Expenditure

Amounts received for a disposal of £10,000 or more are categorised as capital receipts, whereas amounts below £10,000 are classed as revenue income. A proportion of receipts relating to Right-to-Buy housing disposals are payable to the Government. The balance of receipts is required to be added to the Capital Receipts Reserve and can then only be used for new capital investment.

Valuations

The Council's valuer is, Mr P Mawson FRICS of Godfrey Payton Chartered Surveyors.

Council dwellings have been included on the basis of their valuation as at 1 January 2021. All valuations are carried out annually in accordance with the Guidance on Stock Valuation for Resource Accounting (the Valuation Guidance).

Other land and buildings owned by both the General Fund and the Housing Revenue Account have also been valued on the basis of a four-year rolling programme.

Where the revaluations resulted in a lower value for assets than previously held, they were assessed for impairment. This results in a charge being made to the Comprehensive Income and Expenditure Statement where there are insufficient balances in the Revaluation Reserve. However, it should be noted that this does not impact on council tax as this charge is reversed out through the Movement in Reserves Statement.

The valuer reviewed the carrying value of all other land and buildings at the 31 March 2022 and confirmed that these did not differ materially from the most recent valuation.

2021/22	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Non-Operational Assets	Assets under Construction	Total
Cost or Valuation	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2021	205,382	31,782	14,423	7,149	915	3,897	3,628	267,176
Additions	4,963	590	1,150	811	-	-	739	8,253
Derecognition - disposals	(1,498)	(4)	(212)	(481)	-	-	-	(2,195)
Derecognition - componentisation	(997)	-	-	-	-	-	-	(997)
Reclassification	2,405	(44)	94	47	0	0	(2,997)	(495)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	3,312	(154)	-	-	-	-	-	3,158
Revaluation increases/(decreases) recognised in the Surplus or Deficit on the Provision of Services	(8,082)	(1,399)	-	-	-	-	-	(9,481)
Other movements in cost or valuation	-	-	-	-	-	-	-	0
At 31 March 2022	205,485	30,771	15,455	7,526	915	3,897	1,370	265,419
Depreciation and impairment								
At 1 April 2021	(7,970)	(1,228)	(9,021)	(2,841)	(20)	(25)	-	(21,105)
Charge for 2021/22	(2,994)	(560)	(1,210)	(478)	-	(5)	0	(5,247)
Derecognition - disposals	36	-	199	482	-	-	0	717
Reclassification	6	-	-	-	-	-	-	6
Depreciation written out to the Surplus or Deficit on the Provision of Services due to revaluation	2,848	790	-	-	-	-	-	3,638
Impairment losses/(reversals) recognised in the Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	0
At 31 March 2022	(8,074)	(998)	(10,032)	(2,837)	(20)	(30)	0	(21,991)
Balance Sheet at 31 March 2022	197,411	29,773	5,423	4,689	895	3,867	1,370	243,428

2020/21	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Non-Operational Assets	Assets under Construction	Total
Cost or Valuation	£000	£000	£000	£000	£000		£000	£000
At 1 April 2020	204,583	32,201	13,200	6,562	915	2,787	5,069	265,317
Additions	7,144	58	2,590	587	-	-	4,096	14,475
Derecognition - disposals	(1,258)	-	(1,367)	-	-	-	-	(2,625)
Derecognition - componentisation	(748)	-	-	-	-	-	-	(748)
Reclassification	4,327	-	-	-	-	488	(5,537)	(722)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	1,062	(409)	-	-	-	669	-	1,322
Revaluation increases/(decreases) recognised in the Surplus or Deficit on the Provision of Services	(9,728)	(68)	-	-	-	(47)	-	(9,843)
Other movements in cost or valuation	-	-	-	-	-	-	-	-
At 31 March 2021	205,382	31,782	14,423	7,149	915	3,897	3,628	267,176
Depreciation and impairment								
At 1 April 2020	(8,010)	(1,096)	(9,121)	(2,533)	(20)	(21)	-	(20,801)
Charge for 2020/21	(2,997)	(575)	(1,179)	(308)	-	(4)	-	(5,063)
Derecognition - disposals	32	-	1,279	-	-	-	-	1,311
Reclassification	-	-	-	-	-	-	-	-
Depreciation written out to the Surplus or Deficit on the Provision of Services due to revaluation	3,005	443	-	-	-	-	-	3,448
Impairment losses/(reversals) recognised in the Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-
At 31 March 2021	(7,970)	(1,228)	(9,021)	(2,841)	(20)	(25)	-	(21,105)
Balance Sheet at 31 March 2021	197,412	30,554	5,402	4,308	895	3,872	3,628	246,071

The statement shows the progress of the Council's rolling programme for the revaluation of non-current assets.

	Council dwellings	Other land and buildings	Surplus Non-Operational assets	Investment Non-Operational assets	Assets held for sale	Total non-current assets carried at current value	Assets carried at other value	Total Valuation (All Assets)
	£000	£000	£000	£000	£000	£000	£000	£000
Valued at historical cost	-	12	-	-	-	12	11,896	11,908
Valued at current cost in:	-	-	1,244	-	-	1,244	-	1,244
2021/22	196,378	13,469	-	690	468	211,005	-	211,005
2020/21	1,032	10,453	1,110	-	-	12,595	-	12,595
2019/20	-	1,129	2,755	-	-	3,884	-	3,884
2018/19	-	4,206	-	-	-	4,206	482	4,688
2017/18	-	504	-	-	-	504	-	504
Net book value at 31 March 2022	197,410	29,773	5,109	690	468	233,450	12,378	245,828

Note 20. Heritage Assets

Heritage assets are assets that are held by the Council principally for their contribution to knowledge and culture. They are a distinct class of asset which is reported separately from Property, Plant, and Equipment. Previously the majority of these assets had been held as Community Assets with the exception of one or two which were held in Infrastructure Assets or Other Land and Buildings. The heritage assets held by the Council have been categorised as follows:

- Art & Social History Collections
- Monuments & Statues
- Historic sites / buildings
- Civic Regalia

The Code requires councils to recognise heritage assets where the Council has information on the cost or value of the asset. However, the unique nature of many heritage assets makes reliable valuation complex. Where it is not practical to obtain a valuation for an asset (at a cost which is commensurate with the benefits to users of the financial statements) and cost information is available, the asset will be carried at historical cost (less any accumulated depreciation, amortisation and impairment losses) as permitted by the Code.

Valuations may be made by any method that is appropriate and relevant to the heritage asset: this includes insurance valuations for museum collections, monuments & statues, historic sites, and civic regalia. Although there is no prescribed minimum period between full valuations, the Council considers it appropriate to seek a full valuation every five years.

Impairment reviews will only take place where there is physical deterioration or new doubts as to the authenticity of the heritage asset. Any impairment recognised will be treated in accordance with the Council's policy on impairments.

	Intangibles	Art & Social History Collections	Monuments & Statues	Historic Sites/Buildings	Civic Regalia	Total Assets
	£000	£000	£000	£000	£000	£000
Cost or Valuation						
1 April 2020	190	5,306	685	14,952	215	21,348
Additions	-	32	-	60	-	92
Revaluations	-	6	-	7,716	-	7,722
Reclassifications	-	-	-	-	-	-
Depreciation	(190)	-	-	(426)	-	(616)
31 March 2021	-	5,344	685	22,302	215	28,546
Cost or Valuation						
1 April 2021	-	5,344	685	22,302	215	28,546
Additions	-	-	-	-	-	0
Revaluations	-	-	-	5,890	-	5,890
Reclassifications	-	-	-	-	-	0
Depreciation	-	-	-	(8)	-	(7)
31 March 2022	-	5,344	685	28,184	215	34,428

Revaluations of Heritage Assets

In accordance with the Council's accounting policy on Heritage Assets, valuations may be made by any method that is appropriate and relevant to the heritage asset. The art and social history collections and the civic regalia were valued for insurance purposes by external and internal valuers in 2017/18.

Historic sites, principally the Great Central Walk bridges, are assessed for insurance purposes by council engineers based on re-instatement costs. A further revaluation of the bridges was undertaken in 2021/22, leading to an increase in value of £5.89m based on the latest insurance valuations.

Art Collections

The Council's collections of artwork is reported in the Balance Sheet at insurance valuation which is based on market values. The Rugby Art Collection was revalued by Michael Mays Consultancy in 2017/18. The collections include the following items:

- The Rugby Art Collection – 20th century and contemporary British art
- The Local Art Collection
- Andrew Varah Furniture
- Social History Collection – mainly donated artefacts
- Redding Collection – glass plate negatives

Note 21. 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 or disposal are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income & Expenditure Statement and are reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustments Account

Rentals received in relation to investment properties are shown in the Financing and Investment Income line and result in a gain for the General Fund Balance.

Fair Value Hierarchy

All the Council's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes (see criteria in Note 2 General Accounting Policies)

Valuation Techniques Used to Determine Level 2 Fair Values for Investment Property

The fair value of investment property has been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's Investment Asset portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as level 2 on the fair value hierarchy.

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

The following table shows the net movement in the fair value of investment properties during 2021/22.

	2021/22	2020/21
	£000	£000
Balance at 1 April	690	740
Net gains/(losses) from fair value adjustments	0	0
Derecognition - disposals	-	(50)
Balance at 31 March	690	690

Note 22. 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 its fair value less costs to sell. Once revalued, depreciation is not charged on Assets Held for Sale.

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

	2021/22	2020/21
	£000	£000
Balance at 1 April	3,701	2,988
Revaluation gains/(losses)	-	-
Assets Sold	(3,701)	-
Additions	468	4
Reclassification	-	709
Balance at 31 March	468	3,701

Note 23. Leases

The Council as a Lessee

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 building 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. This definition includes rental agreements, contract hire and licences.

The Council as a Lessee

Finance leases

The Council has acquired the Land at Brownsover for use as a public park under a finance lease for 999 years. The asset is carried as a Community Asset in the Balance Sheet at a net value of £1 at 31 March 2022. At inception, no upfront premium was payable and the minimum lease payment of “one peppercorn” has not been charged.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as a cost to the services benefiting from the use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease.

The Council has entered several short-term leases to provide temporary accommodation within the Borough. The future minimum lease payments receivable under the non-cancellable leases in future years are:

	31 March 2022 £000	31 March 2021 £000
Not later than one year	338	396
Later than 1 year and not later than 5 years	60	327
	398	723

The Council holds a limited number of operating leases, mainly relating to the lease of photocopiers with an annual rental of £0.035m and lease land at Hillmorton Road for the purpose of a public recreation ground with a rental of “one peppercorn” per annum.

The Council also subleases Car Parking spaces on part of the Rugby Central Car Park (formally Clock Towers), income is received from the owners based upon the annual surplus shown in their accounts. Payments were received in 2021/22 of Nil and in 2020/21 £0.011m.

The Council as Lessor

Finance leases

The Council has taken out finance leases on WSU vehicles in 2021/22

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

	31 March 2022 £000	31 March 2021 £000
Not later than one year	12	0
Later than 1 year and not later than 5 years	103	0
Later than 5 years	0	0
	115	0

Operating leases

The Council has leased out properties under operating leases for the provision of community services (such as sport facilities or community centres) or economic development purposes to provide local businesses with affordable accommodation.

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

	31 March 2022 £000	31 March 2021 £000
Not later than one year	87	98
Later than 1 year and not later than 5 years	300	295
Later than 5 years	1,554	1,592
	1,941	1,985

The minimum lease payments receivable does not include rents that are contingent on events taking place after the lease was entered, such as adjustments following rent reviews. In 2020/21 no contingent rents were receivable by the Council.

Note 24. Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year, on an accruals basis, is shown 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 Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

Government Grants and Contributions

Grants used to finance capital expenditure are included in the Capital Adjustment Account. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Amounts in the Capital Grant Unapplied reserve are subsequently transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Revenue Expenditure funded from Capital under Statute (REFCUS)

The Council can incur capital expenditure that does not result in the creation of Council non-current assets, e.g. Disabled facility grants to individuals and other Home Improvement Loans. Where the cost of this expenditure is met from existing capital resources a transfer in the Movement in Reserves Statement from the General Fund or HRA Balance to the Capital Adjustment Account reverses out the amounts charged so that there is no impact on the level of council tax.

Minimum Revenue Provision (MRP)

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement, equal to either an amount calculated on a prudent basis or as determined by the Council in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance, the MRP, by way of an adjusting transaction within the Movement in Reserves Statement. This ensures that depreciation, revaluation and impairment losses and amortisations have no overall effect on council tax or housing rent levels.

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008, require local authorities to approve an MRP policy at the beginning of each financial year on setting aside a sum of money from revenue for the repayment of principal on outstanding debt.

The Council's policy is that the MRP is based upon the asset life – annuity method where the financing was provided by borrowing.

There is no equivalent requirement for the Housing Revenue Account but voluntary contributions may be made for debt repayment.

Capital commitments

At 31 March 2022, the Council had capital commitments of £2.8m (31 March 2021: £1.6m) in respect of bathroom upgrade contracts, Bell House redevelopment and Biart Place demolition contract

Capital Financing Requirement (CFR)

	2021/22	2020/21
	£000	£000
Opening Capital Financing Requirement	86,744	82,592
Capital Investment:		
Property, Plant, and Equipment and Assets Held for Sale	8,253	14,480
Heritage Assets	0	92
Intangible Assets	170	148
Revenue Expenditure Funded from Capital under Statute	790	803
Long term loan	2,292	0
Capital Investment Total	11,505	15,523
Sources of Financing:		
Capital Receipts	(1,046)	(1,243)
Government Grants & Other Contributions	(3,607)	(3,163)
Sums Set Aside from Revenue	(2,529)	(3,441)
Earmarked Reserves	(2,729)	(2,065)
Minimum Revenue Provision / Voluntary Revenue Provision	(1,459)	(1,459)
Financing Total	(11,370)	(11,371)
Closing Capital Financing Requirement	86,879	86,744
(Increase)/Decrease in underlying need to borrow	(135)	4,152

Note 25. Long Term Advances and Loans Outstanding

	2021/22	2020/21
	£000	£000
Balance at Start of Year	279	49
Advances made in year	0	250
Repayments made in year	(250)	0
Change in Fair Value	0	(20)
Balance at End of Year	29	279

Note 26. Debtors

	31 March 2022	31 March 2021
	£000	£000
Amounts due within one year		
Central Government Bodies	839	1,516
Other local authorities (inc. Police)	5,586	6,486
Homelessness	29	48
Rent payers	791	628
Council taxpayers	765	655
Non-domestic rate payers	359	32
Housing Benefit overpayments	741	970
Other entities and individuals	1,811	1,748
	10,921	12,083
Amounts due in more than one year		
Employee vehicle loans	49	57
Work in default	65	65
	114	122
Total	11,035	12,205

Note 27. Creditors

	31 March 2022	31 March 2021
	£000	£000
HM Revenue and Customs	392	316
Central Government Bodies	10,575	12,612
Other local authorities (inc. Police)	4,498	4,848
Rent payers	355	334
Council taxpayers	116	118
Other entities and individuals	3,304	2,859
Total	19,240	21,088

Note 28. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than one month from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

	31 March 2022	31 March 2021
	£000	£000
Cash held by the Council	23	19
Bank current accounts	8,852	2,515
Money Market Funds	-	-
Call Accounts	5,505	6,008
	14,380	8,542

Note 29. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

	2021/22 £000	2020/21 £000
Interest received	1,440	2,781
Interest paid	(2,384)	(1,440)

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

	2021/22 £000	2020/21 £000
Depreciation/Impairment charge	5,254	5,679
Amortisation of Intangible Assets	191	238
(Increase)/Decrease in Investments	0	(217)
Revaluation of Non-Current Assets	6,260	9,843
Derecognition of Non-Current Assets	6,176	(1,335)
(Increase)/Decrease in Debtors	1,759	(4,313)
Increase/(Decrease) in Creditors	(2,437)	7,707
(Increase)/Decrease in Inventories	(148)	15
Increase/(Decrease) in Provisions	482	(2,014)
Movement in Pension Liability	7,422	(2,769)
Total non-cash movements	24,959	12,834

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

	2021/22 £000	2020/21 £000
Capital Grants	(3,099)	(2,186)
Proceeds from the Sale of Properties	(7,426)	(2,773)
Council Tax and NNDR Adjustments	5,975	10,607
	(4,550)	5,648

Note 30. Cash Flow Statement – Investing Activities

	2021/22 £000	2020/21 £000
Purchase of property, plant and equipment, investment property and intangible assets	(8,423)	(14,592)
Purchase/Proceeds of short-term and long-term investments	40,647	(5,667)
Net payments/receipts for other investing activities	250	(250)
Other investing activity	(71)	0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	7,426	2,773
Net cash flows from investing activities	39,829	17,736

Note 31. Cash Flow Statement – Financing Activities & Reconciliation of Liabilities arising from Financing Activities

	2021/22 £000	2020/21 £000
Other receipts from financing activities	3,099	2,186
Capital grants received	10,614	
Cash receipts/repayments of short-term and long-term borrowing	(62,584)	(2,000)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	0	-
Other payments for financing activities	(5,975)	(10,607)
	54,846	10,421

Note 32. Provisions

Provisions represent amounts set aside to meet future liabilities which are likely or certain to be incurred but where it is not possible to determine exactly the amounts or timing of such events.

	2021/22			2020/21
	Business Rates Appeals £000	Other £000	Total £000	Total £000
Short-Term Provisions				
Balance at 1 April	(550)	(123)	(673)	(913)
Additional Provision made in year	(663)	-	(663)	(123)
Amounts used in year	664	-	664	774
Transfer between Long Term and Short Term	435	-	435	(411)
Unused amounts reversed in year	-	-	-	-
Other Movements	-	-	-	-
Balance of Short-Term Provisions at 31 March 2022	(114)	(123)	(237)	(673)
Long Term Provisions				
Balance at 1 April	(2,698)	-	(2,698)	(4,473)
Additional Provision made in year	(1,270)	-	(1,270)	(1,142)
Amounts used in year	788	-	788	-
Transfer between Long Term and Short Term	(435)	-	(435)	411
Unused amounts reversed in year	-	-	-	2,506
Other Movements	-	-	-	-
Balance of Long-Term Provisions at 31 March 2022	(3,615)	-	(3,615)	(2,698)
Total Provision	(3,729)	(123)	(3,852)	(3,371)

Provision for Business Rate Appeals

The Local Government Finance Act 2012 introduced a business rates retention scheme that enabled local authorities to retain a proportion of the business rates generated in their area. Billing authorities acting as agents on behalf of the major preceptors (10%), central Government (50%) and themselves (40%) are required to make provisions for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list.

Other Provisions

The Council paid three years of employer superannuation contributions to the Warwickshire Pension Fund in April 2020. The amount paid was based on an assumed level of staff with a proviso that the pension fund could seek an additional payment for variations to the number of employees who were members of the pension scheme. A provision has been set aside to cover an anticipated request for a further payment from the pension fund.

Note 33. Contingent Assets and Liabilities

Contingent Liabilities and assets

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

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

The Council has no contingent assets or liabilities at 31 March 2022

Note 34. Trading Operations

The Council has a number of services that operate in a commercial environment and the Service Manager is required to balance their budget by generating income.

Where revenue is charged or received for goods or services provided to customers there will be an assessment of this income following a five step approach.

- Identify contract - agreement that creates enforceable rights and obligations
- Identify performance obligations in the contract
- Determine transaction price
- Allocate transaction price to performance obligations
- Recognise revenue when or as an entity satisfies performance obligation.

The outcome of this evaluation will determine how this income is accounted for within the statement of accounts.

Details of those units with a significant turnover in 2021/22 are as follows:

Service	2021/22				2020/21
	Expenditure £'000s	Income £'000s	Reimbursed by MHCLG £'000s	(Surplus) / Deficit £'000s	(Surplus) / Deficit
Trade waste	1,179	(1,001)	(30)	148	£'000's
Car parking	328	(293)	(52)	(17)	41
Total	1,507	(1,294)	(81)	131	(96)

Trading Operations are incorporated into the Comprehensive Income and Expenditure Statement, including some integral parts of the Council's services to the public (e.g., Refuse Collection and Street Cleansing). The expenditure of these operations is allocated or recharged to the relevant service headings within Cost of Services.

Note 35. Audit Fees

The Council's external auditors are appointed through Public Sector Audit Appointments Limited (PSAA), who also agree the fees to be charged by the auditor

	2021/22	2020/21
	£000	£000
Fees payable for external audit services	64	49
Additional fees payable for external audit services in relation to previous years	11	10
Fees payable for the certification of grant claims and returns	20	(1)
Additional fees payable for the certification of grant claims and returns in relation to previous years	10	(1)
Public Sector Audit Appointments Refund	(22)	0
Fees payable in respect of other services provided by the auditor	2	2
Total	85	60

Note 36. Related Party Transactions

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

Central Government

Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from Government departments are set out in Notes 14 and 15.

Council Members and Chief Officers

Based on existing key data sources, no material related party transactions have been identified

- Senior council officers remuneration paid during 2021/22 is set out in Note 39;
- Members allowances are stated in Note 38.

Other Public Bodies (subject to control by Central Government)

Based on a review of transactions made by the Council in 2021/22 there following transactions were made to other public bodies.

- West Midlands Combined Authority: £0.025m contribution to help fund its programmes and initiatives.
- HEART Partnership: £0.8m contribution funded via the Disabled Facilities Grant allocation for the year of £0.7m.

Shared Service Arrangements

The council has the following shared service arrangements. There were no material interactions in 2021/22.

Rainsbrook Crematorium

Shared Building Control Service

Local Authority Emergency Planning Officer Scheme

Entities Controlled or Significantly Influenced by the Authority

The Council provided financial assistance to certain voluntary and outside bodies during 2021/22; these are mainly local Government associations or local groups that the Council supports with grant aid and advice.

Rugby First Ltd - BID Division - An amount of £0.864m was paid to the BID Company in 2021/22 of which £0.582m related to the collection of BID levy income £0.268m is used to provide a CCTV Monitoring and Town Centre Management Service and £0.014m for contributions to the BikeFest and Christmas lights

Queen's Diamond Jubilee Centre - Rugby Borough Council funded £0.277m in capital charges in 2021/22 and received £0.358m for the annual contract fee and profit share as per the contract agreement.

Other significant related parties

Sherbourne recycling – Sherbourne Recycling was established in 2021 to develop and operate a new state of the art materials recycling facility in Coventry on behalf of eight local authorities (Coventry City Council, North Warwickshire Borough Council, Nuneaton and Bedworth Borough Council, Rugby Borough Council, Stratford-on-Avon District Council, Solihull Metropolitan Borough Council, Walsall Council and Warwick District Council). In 2021/22 The council purchased shares £0.1m and made loan advances of £2.1m.

Note 37. Pension Costs

Pension Benefits

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

Participation in pension schemes

Rugby Borough Council participates in two post-employment schemes:

The Local Government Pension Scheme (LGPS)

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

The scheme administered locally by Warwickshire County Council – this is a funded defined benefit career average salary scheme, meaning the Council and its employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The Council pays an employer's contribution of 20.4% of employees' pensionable pay into the Pension Fund. Contributions are set every 3 years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out during 2022/23 (as at 31 March 2022) and will set contributions for the period from 1 April 2023 to 31 March 2026. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions. Funding levels are monitored on an annual basis.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (e.g., large-scale withdrawals), changes to inflation, bond yields and the performance of the equity investments held by the scheme.

The net liability balance that arises from the Pensions accounting measures the beneficial impact to the Council of being required to account for retirement benefits based on cash flows rather than as benefits are earned by employees.

Discretionary post-retirement benefits upon early retirement

This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash must be generated to meet actual pension payments as they eventually fall due

Recognition and Measurement

The LGPS is accounted for as a defined benefit scheme:

- The liabilities of the pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method, which is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of future earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.7% (broadly equivalent to the yield available on high quality corporate bonds with duration, consistent with the term of the liabilities).
- The fair value of the assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - Market quoted investments – current bid price on the final day of the accounting period
 - Fixed interest securities – net market value based on their current yields
 - Unquoted investments – professional estimate

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

- **Service Cost** - comprising:
 - Current year service cost – the increase in the liabilities because of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - Past service cost – the increases in liabilities because of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
 - Net interest on the net defined liability – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
- **Remeasurements** - comprising:
 - The return on plan assets – excluding amounts including in net interest on the net defined benefit liability/(asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

- **Contributions paid to the pension fund** – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Transactions relating to Post-Employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required against council tax and HRA rents is based on the sums specified on the actuary certificate published as part of the valuation as at 1 April 2019, so the real cost of post-employment/retirement benefits is reversed out of the General Fund and HRA via the Movement in Reserves Statement.

In April 2020, the Council paid the Warwickshire Pension Fund £7.990m, taking advantage of the opportunity to pay its estimated employer contributions covering the three-year period April 2020 to March 2023 as a single payment to receive a discount on its contributions. Statutory regulations require the Council to account for its contributions based on the actuarial certificate issued as part of the last triennial valuation. The amount covering the latter two years of the payment has been transferred to Pensions Liabilities which has led to the difference in balances between the Pensions Liabilities and the Pensions Reserve.

The movement in the pension scheme assets and liabilities together with the treatment of the corresponding transactions in the CIES and HRA are summarised in the following tables.

	Local Government Pension Scheme		Discretionary Benefit Arrangements	
	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000
Comprehensive Income and Expenditure Statement				
Cost of Services				
• Current Service Costs	6,535	4,292	-	-
• Past Service Costs	-	-	-	-
Financing and Investment Income and Expenditure				
• Net Interest Expense	1,109	1,003	25	28
Total Post-employment Benefit Charged to the Surplus or Deficit on the Provision of Services	7,644	5,295	25	28
Other Post-employment benefits charged to the Comprehensive Income and Expenditure Statement				
Re-measurement of the net defined benefit liability comprising:				
• Actuarial (gains)/losses arising on changes in demographic assumptions	960	2,166	9	14
• Actuarial (gains)/losses arising on changes in financial assumptions	12,396	36,752	10	36
• Other experience	(360)	(1,573)	(63)	41
• Return on Plan Assets (excluding the amount included in the net interest expense)	7,637	(23,879)	-	-
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	20,633	18,761		119
Movement in Reserves Statement				
• Reversal of net charges made to the Surplus or Deficit on the Provision of Services for Post-Employment Benefits in accordance with the Code	(7,644)	(5,295)	(25)	(28)
Actual amount charged against the General Fund and HRA Balances for Pensions in the year:				
• Employer’s contributions payable to the scheme	145	7,992	103	-
• Early payment transferred to pension liability	2,664	(5,312)	78	-
• Retirement benefits payable to pensioners	-	-	-	100
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(4,836)	(2,615)	78	72

Pension Assets and Liabilities Recognised in the Balance Sheet

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

	Local Government Pension Scheme		Discretionary Benefit Arrangements	
	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000
Present Value of the Defined Benefit Obligation	(172,453)	(178,885)	(1,265)	(1,299)
Fair Value of Plan Assets	133,311	126,609	-	-
Net Liability Arising from the Defined Benefit Obligation	(39,142)	(52,276)	(1,265)	(1,299)

The liabilities show the underlying commitments that the Council has in the long term to pay post-employment (retirement) benefits. The total net liability of £60.211m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet.

However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the Local Government Pension Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

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

	2021/22 £000	2020/21 £000
Opening Balance at 1 April	126,609	96,043
Interest Income on Plan Assets	2,496	2,168
Return on Plan Assets, excluding the amount included in the net interest expense	7,637	23,879
Contributions from Employer	145	7,992
Contributions from Scheme Participants	824	824
Benefits Paid	(4,400)	(4,297)
Closing Balance at 31 March	133,311	126,609

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

	Local Government Pension Scheme		Discretionary Benefit Arrangements	
	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000
Opening Balance at 1 April	(178,885)	(137,550)	(1,299)	(1,280)
Current Service Cost	(6,535)	(4,292)		
Interest cost	(3,605)	(3,171)	(25)	(28)
Contributions by Scheme Participants	(824)	(824)		
Re-measurement (Gain)/Loss:				
• Actuarial (gains)/losses arising from changes in demographic assumptions	12,396	(36,752)	10	(36)
• Actuarial (gains)/losses arising from changes in financial assumptions	960	(2,166)	9	(14)
• Other experience	(360)	1,573	(63)	(41)
Benefits Paid	4,400	4,297	103	100
Past Service Costs	0	-		-
Closing Balance at 31 March	(172,453)	(178,885)	(1,265)	(1,299)

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method valuation, an estimate of the pensions that will be payable in future years' dependent on assumptions about mortality rate, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the scheme fund being based on the latest full valuation of the scheme as at 31 March 2022

The significant assumptions used by the actuary have been:

	2021/22	2020/21
Mortality assumptions:		
Longevity at 65 for current pensioners (years):		
Men	21.6	21.8
Women	24.1	24.2
Longevity at 65 for future pensioners (years):		
Men	22.7	23.0
Women	25.9	26.1
Rate of increase in salaries	4.0%	3.7%
Rate of increase in pensions	3.2%	2.9%
Rate of discounting of scheme liabilities	2.7%	2.0%

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for those pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the previous table. The sensitivity analysis shown in the next table have been determined based on reasonably possible changes on the assumptions occurring at the end of the reporting period and

assumes for each change that the assumption analysed changes while all other assumptions remain constant.

The assumption 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 assumption 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. The methods and types of assumptions used in preparing the following sensitivity analysis did not change from those used in the previous period.

IAS19 - *Employee Benefits* requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out as follows.

Impact on the Defined Benefit Obligation in the Scheme		
	Approximate % increase to Employer Liability	Approximate Monetary Amount £000
0.1% decrease in Real Discount Rate	2%	3,387
1 year increase in member life expectancy	4%	9,649
0.1% Discount in the Salary Increase Rate	0%	335
0.1% increase in the Pension Increase Rate (CPI)	2%	3,025

Impact on the Council's Cash Flows

The contributions paid by Rugby Borough Council are set by the Fund Actuary at each triennial actuarial valuation (the most recent being at 31 March 2020). The objectives of the scheme are to keep employers' contributions at as constant a rate as possible; the contributions payable over the period to 31 March 2023 are set out in the Rates and Adjustments Certificate. Warwickshire County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 16 years. Funding levels are monitored on an annual basis with the triennial valuation based as at 31 March 2020

Note 38. Members Allowances

	2021/22 £000	2020/21 £000
Allowances	371	353
Employers' National Insurance	7	6
Expenses	1	8
Total	379	367

Note 39. Officers' Remuneration

Benefits payable during employment

Short term employee benefits are those due to be settled within 12 months of the year-end. They include salaries, wages and other employment related payments and are recognised as an expense in the year in which the service is rendered by the employees. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the following financial year. The accrual is made at the wage and salary rates applicable in the in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that leave benefits are charged to revenue in the financial year in which the leave of absence occurs.

The Council is required to disclose details of certain elements of benefits payable to its employees. The remuneration of the Council's senior employees is as follows:

2021/22	Salary, Fees & Allowances	Expenses Allowances	Compensation for Loss of Office	Pension Contributions	Total
Post Holder	£	£	£	£	£
Executive Director	100,820	-	-	19,860	120,680
Deputy Executive Director	86,560	-	-	17,050	103,610
Chief Officer Finance & Performance	60,900	-	-	12,000	72,900
Chief Officer Leisure & Wellbeing	55,820	920	-	11,000	67,740
Chief Officer Growth & Investment (A)	27,160	-	-	4,860	32,020
Chief Officer Growth & Investment (B)	25,380	20	-	5,000	30,400
Chief Officer Legal & Governance	60,900	-	-	12,000	72,900
Chief Officer Communities & Homes (A)	16,410			2,430	18,840
Chief Officer Communities & Homes (B)	46,620			9,190	55,810
Chief Officer Regulation & Safety	5,820	1,830		11,000	68,650
Chief Officer Digital & Communications	42,250			7,750	50,000
Chief Officer Digital & Communications (B)	18,360			3,620	21,980

Post Holder	Salary, Fees & Allowances	Expenses Allowances	Compensation for Loss of Office	Pension Contributions	Total	Notes
	£	£	£	£	£	
Executive Director (A)	42,510	300	-	8,380	51,190	a
	99,300	20	-	19,070	118,390	
Executive Director (B)	96,630	-	-	19,040	115,670	b
	71,980	-	-	13,820	85,800	
Deputy Executive Director	55,700	-	-	10,970	66,670	c
	-	-	-	-	-	
Head of Communities & Homes	73,960	-	-	14,570	88,530	
	71,980	-	-	13,820	85,800	
Acting Chief Finance Officer	59,820	-	-	11,100	70,920	d
	-	-	-	-	-	-
Head of Environment & Public Realm	23,990	-	-	4,730	28,720	e
	71,980	-	-	13,820	85,800	
	73,960	-	-	14,570	88,530	

Post Holder	Salary, Fees & Allowances £	Expenses Allowances £	Compensation for Loss of Office £	Pension Contributions £	Total £	Notes
Head of Growth & Investment	69,350	-	-	13,320	82,670	
Monitoring Officer	59,747			11,335	71,082	
	53,418			10,256	63,674	

The number of other Council's employees receiving more than £0.050m remuneration for the year (excluding employer's pension contributions) is shown in the table below.

Remuneration Band	2021/22	2020/21
	Number of employees	Number of employees
£50,000 - £54,999	3	-
£55,000 - £59,999		1
£60,000 - £64,999	1	1

Exit Packages

Exit Packages (Termination Benefits) are amounts payable because of the Council's decision to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These are charged on an accrual's basis to the relevant service line in the Comprehensive Income & Expenditure Statement when the Council can no longer withdraw the offer of those benefits or when the Council recognises the costs for restructuring.

Rugby Borough Council terminated the contracts of 5 employees in 2021/22 (2 in 2020/21), incurring liabilities of £0.030m (£0.010m in 2020/21). The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table following:

Exit package cost bands (including special payments)	Number of compulsory redundancies		Number of agreed other departures		Total number of exit packages by cost band		Total cost of exit packages in each cost band	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
							£	£
£0 - £20,000	-	2	2	3	2	5	9,670	29,720
£20,001 - £40,000	-	-	-	-	-	-	-	-
Total	-	-	2	-	2	5	9,670	29,720

Note 40. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council 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.

For most of the Council's borrowings, this means that 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.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid.

The reconciliation of amounts charged to the CIES to the net charge required against the General Fund and Housing Revenue Account Balances is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow 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 Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e., where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council 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 Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

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

Expected Credit Loss Model

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

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 (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council 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 Council 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 the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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

	31-Mar-22		31-Mar-21	
	Long Term	Short Term	Long Term	Short Term
	£'000	£'000	£'000	£'000
Financial Assets				
At Amortised Cost	25,866	46,705	39,979	70,297
At Fair Value through Profit and Loss	-	7,164	-	12,371
Total Investments	25,866	53,869	39,979	82,668
Loans and Receivables	2,266	-		
Cash and Cash Equivalents	-	-	-	-
At Amortised Cost	-	14,380	-	8,542
Total Cash and Cash Equivalents	-	14,380	-	8,542
Trade Receivables	49	3,633	57	3,078
Included in Debtors	49	3,633	57	3,078
Total Financial Assets	28,181	71,882	40,036	94,288
Financial Liabilities				
Loans at Amortised Cost	(83,300)	(7,758)	(90,600)	(63,151)
Finance Lease	(81)	(28)	-	-
Creditors	-	(3,570)	-	(2,858)
Total Financial Liabilities	(83,381)	(11,356)	(90,600)	(66,009)

Income, Expense, Gains and Losses

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

	2021/22			2020/21		
	Financial Liabilities Measured at Amortised Cost	Financial Assets Measured at Amortised Cost	Financial Assets Measured at Fair Value through Profit and Loss	Financial Liabilities Measured at Amortised Cost	Financial Assets Measured at Amortised Cost	Financial Assets Measured at Fair Value through Profit and Loss
	£000	£000	£000	£000	£000	£000
Interest Expense	(2,384)	-	-	(2,781)	-	-
Net loss on financial assets at fair value through profit and loss	-	-	-	-	-	-
Total Expense in Surplus/Deficit on the Provision of Services	(2,384)	-	-	(2,781)	-	-
Net gain on financial assets at fair value through profit and loss	-	-	819	-	-	79
Interest Income	-	1,063	227	-	1,298	142
Total Income in Surplus/Deficit on the Provision of Services	-	1,063	1,046	-	1,298	221
Gains on revaluation	-	-	(819)	-	-	(79)
Net Gain/(Loss) for the year	(2,384)	1,063	277	(2,781)	1,298	142

Fair Values of Assets and Liabilities

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

Recurring Fair Value Measurements	Input Level in Fair Value Hierarchy	Valuation technique used to measure fair value	31 March 2022 Fair Value	31 March 2021 Fair Value
			£000	£000
Fair value through profit and loss – CCLA Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	2,748	2,337
Fair value through profit and loss – CCLA Diversified Income Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	2,052	1,961
Fair value through profit and loss – Lothbury Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	2,364	2,063
			7,164	6,361

There were no transfers between input levels during the financial year 2021/22. There has been no change in valuation technique used during the year for financial instruments.

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

	31 March 2022		31 March 2021	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Financial Assets held at amortised cost				
Corporate, Covered and Government Bonds	3,012	3,001	3,018	3,013
Long Term Investments	25,866	25,747	42,307	43,168
	28,877	28,748	45,325	46,181
Assets for which Fair Value is not disclosed				
Long Term Debtors	2,315	-	57	-
Short Term Investments	43,693	-	77,322	-
Cash and Cash Equivalents	14,380	-	8,542	-
Debtors	3,633	-	3,413	-
Sub-total	64,022	-	89,334	-
Total Financial Assets	92,899	28,748	134,659	46,181
Financial Liabilities at amortised cost				
Borrowing	-	-	-	-
Public Works Loans Board	(77,201)	(59,185)	(86,104)	(75,225)
Other	(13,856)	(18,104)	(67,646)	(73,755)
Total Borrowing	(91,058)	(77,289)	(153,750)	(148,980)
Finance Lease	(109)	(102)	-	-
Creditors	(3,570)	(3,570)	(2,858)	(2,858)
Total Financial Liabilities	(94,736)	(80,961)	(156,608)	(151,838)

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value.

The fair values of financial instruments classified at amortised cost can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments using the following methods and assumptions:

- For loans from the Public Works Loan Board (PWLB) payable, the rates for new borrowing for loans of a similar term have been used to assess fair values.
- For non-PWLB loans payable, prevailing market rates have been used to provide the fair value under PWLB debt redemption procedures.
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
 - No early repayment or impairment is recognised
 - Where an instrument has a maturity of less than 12 months or is a trade or other receivable the
 - fair value is taken to be the carrying amount or the billed amount

The fair values are calculated as follows:

The fair value of the liabilities is less than the carrying amount because the Council's loans are fixed at a lower rate than was available at the 31 March 2022. This shows a notional future gain (based on economic conditions at 31 March 2021) arising from a commitment to pay interest to lenders below current market rates.

The fair value of PWLB loans of £75,225m compares the terms of these loans with the new borrowing rates available from the PWLB. However, if the Council were to seek to repay these loans early to the PWLB, the PWLB would raise a penalty charge, based on redemption interest rates, for early redemption of £17,934m for the additional interest that will no longer be paid. The exit price for the PWLB loans including the penalty charge would be £103,734m.

The fair value of financial assets held at amortised cost is higher than their balance sheet carrying amount because the interest rate on similar investments is now lower than that obtained when the investment was originally made.

The input level the fair values of financial assets and financial liabilities that are not measured at fair value (but for which Fair Value disclosures are required) is Level 2.

Current debtors and creditors are carried at cost as this is a fair approximation of their value.

Note 41. Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks. The Council's overall risk management procedures focus on the unpredictability of financial markets and the implementation of restrictions to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act.

The Council manages risk in the following ways:

- **by formally adopting** the requirements of the Code of Practice;
- **by approving annually** in advance prudential and treasury indicators for the following three years limiting
 - The Council's overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates;
 - Its maximum and minimum exposures to the maturity structure of its debt;
 - Its maximum annual exposures to investments maturing beyond a year; and
- **by approving an investment strategy** for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

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 stipulates limits on credit criteria, deposit amounts and duration for deposits with each financial institution. Details of the Investment Strategy can be found on the Council's website.

Amounts Arising from Expected Credit Losses

The Council has assessed its short- and long-term investments and concluded that the expected credit loss is not material therefore no allowances have been made. A summary of the credit quality of the Council's investments at 31 March 2021 is shown below, along with the potential maximum exposure to credit risk, based on experience of default and collectability.

Deposits with banks and financial institutions	31 March 2022		31 March 2021	
	Carrying Amount on Balance Sheet	Estimated maximum exposure to default	Carrying Amount on Balance Sheet	Estimated maximum exposure to default
	£000	£000	£000	£000
AAA rated counterparties/products	1,004	-	3,018	
AA rated counterparties/products	41,789	11	94,083	14
A rated counterparties/product	24,642	7	19,182	15
BBB rated counterparties/products	12,205	27	12,370	28
Trade Debtors	3,682	1,002	4,257	990
Not Rated	2,361	-	-	-
Total	85,683	1,047	132,910	1,047

The Council does not generally allow extended credit for customers, but some of the current balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

	31 March 2022 £000	31 March 2021 £000
Less than three months	156	112
Three to six months	71	57
Six months to one year	113	75
More than one year	677	320
Total	1,018	564

During the reporting period the Council held no collateral as security.

Liquidity risk

There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments as the Council has ready access to borrowings from the Money Markets to cover any day-to-day cash flow need, and the PWLB, whilst providing access to longer term funds, also acts as a lender of last resort to councils (although it will not provide funding to a council whose actions are unlawful). The Council manages its liquidity position through the risk management procedures outlined as well as through cash flow management procedures required by the Treasury Code of Practice.

The maturity analysis of financial assets held as investments is as follows:

	31 March 2022 £000	31 March 2021 £000
Less than one year	51,505	79,207
Between one and two years	15,651	23,940
Between two and three years	12,484	19,500
More than three years	-	-
Total	79,640	122,647

All trade and other payables (creditors) are due to be paid in less than one year and are not shown in the previous table.

Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. To mitigate the longer-term risk to the Council relating to managing the exposure to replacing financial instruments as they mature, the Council approves Prudential Indicator limits and an annual Treasury Management Strategy.

The Financial Services team address the operational risks within the approved parameters, by:

- 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 maximum limits	Approved minimum limits	Actual 31 March 2022	Actual 31 March 2021	Actual
	%	%	£000	£000	%
Less than one year*	50	-	7,310	62,692	41
12 months to 2 years	50	-	-	7,310	5
Between 2 and 5 years	60	-	1,717	1,008	1
Between 5 and 10 years	60	-	-	10,530	7
Between 10 and 20 years	75	-	515	515	-
Between 20 and 30 years	75	-	512	512	-
Between 30 and 40 years	75	-	10,524	434	-
More than 40 years	75	-	70,479	70,749	46
Total*			91,058	153,750	100

* excludes short-term borrowing less than 365 days.

Market risk

Interest rate risk - The Council is exposed to interest rate movements on its borrowings and investments. 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 Surplus or Deficit on the Provision of Services will rise;
- Borrowings at fixed rates – the fair value of the borrowing liability will fall;
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise; and
- Investments at fixed rates – the fair value of the assets will fall.

Investments measured at amortised cost and loans borrowed are not carried at fair value so changes in their fair value will have no impact on Comprehensive Income and Expenditure. However, 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, subject to influences from Government grants. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council has several strategies for managing interest rate risk. The annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. A prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure.

The Financial Services team monitors market and forecast interest rates within the year to adjust exposures appropriately. A 1% change in variable interest rates would be immaterial to the Council because it has no variable rate debt and a small value of variable rate investments.

Foreign exchange risk –the Council has no financial assets or liabilities denominated in foreign currencies.

Transition to IFRS 9 Financial Instruments

The Council adopted the IFRS 9 Financial Instruments accounting standard with effect from 1 April 2018. The main changes included the reclassification and re-measurement of financial assets and the earlier recognition of the impairment of financial assets.

The following judgements were made in reclassifying financial instruments at 1 April 2018:

Statutory Override on pooled investments

The Council holds £6.0m (nominal) in pooled investment funds. As a result of the change in accounting standards for 2018/19 under IFRS 9, the Ministry for Housing, Communities and Local Government (MHCLG) agreed a temporary override to allow English Local Authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from April 2018. The Council uses the statutory override to account for any changes in the fair value on its pooled investments.

Housing Revenue Account

Income and Expenditure Account

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and Government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, based on which rents are raised, is shown in the Movement on the HRA Statement.

	2021/22 £000	2020/21 £000
Income		
Dwelling Rents	(15,370)	(15,302)
Non-dwelling rents	(118)	(130)
Charges for services	(871)	(904)
Contributions towards expenditure	(115)	(185)
Total Income	(16,474)	(16,521)
Expenditure		
Repairs and maintenance	4,490	4,331
Supervision and management	5,439	5,617
Rents, rates, taxes and other charges	148	86
Depreciation and impairment of non-current assets	8,500	9,956
Debt management costs	0	14
Movement in allowance for bad debts	0	0
Total Expenditure	18,577	20,004
Net Expenditure or Income of HRA Services as included in the Comprehensive Income and Expenditure Statement	2,103	3,483
HRA Share of Corporate and Democratic Core costs	254	224
Net Expenditure of HRA Services	2,357	3,707
(Gain) or Loss on sale of HRA non-current assets	162	150
Interest payable and similar charges	1,838	2,252
Interest and investment income	(733)	(1,102)
Pension interest and expected return on pension assets	176	176
Capital grants and contributions receivable	243	(1,797)
Reversal - Impairment of Financial Instrument	(9)	(110)
Other Items	66	(11)
(Surplus)/Deficit for the year on HRA services	4,100	3,265

Movement on the HRA Statement

	2021/22	2020/21
	£000	£000
HRA revenue balance brought forward	(5,085)	(5,085)
(Surplus) or Deficit for the year on the HRA Income and Expenditure Account	4,100	3,265
Adjustments between accounting basis and funding basis under statute	(3,749)	(2,599)
Net (increase) or decrease before transfers to or from reserves	351	666
Transfers to or (from) earmarked reserves	440	(666)
(Increase) or decrease in the HRA Revenue Balance	791	0
HRA revenue balance carried forward	(4,294)	(5,085)

Note to the Movement on the HRA Statement

	2021/22	2020/21
	£000	£000
Adjustments between accounting basis and funding basis under statute		
Depreciation of non-current assets	(3,158)	(3,249)
Revaluation movements and impairment on non-current assets, charged to the Comprehensive Income and Expenditure Statement	(5,322)	(6,656)
Amortisation of intangible assets	(20)	(51)
Amounts of non-current assets written off on disposal or sale	(3,099)	(1,975)
Sale proceeds credited as part of the gain/loss on disposal	2,937	1,825
Transfer to Accumulated Absences account	6	(52)
Capital expenditure financed from revenue balances	2,365	2,953
Capital grants and contributions applied	(243)	1,797
Transfer of Unattached Receipts to the Capital Receipts Reserve	(65)	11
Net charges made for retirement benefits (IAS 19)	(741)	(926)
Reversal of Major Repairs Allowance credited to the HRA	3,158	3,249
Statutory provision for the financing of capital investment	0	-
Employers Contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	432	475
	(3,750)	(2,599)

Transfers to or (from) earmarked reserves	2021/22	2020/21
	£000	£000
Transfer to or (from) Housing Repairs Account	(223)	(351)
Transfer to or (from) HRA Capital Investment balances	611	(363)
Transfer to or (from) other earmarked reserves	52	48
	440	(666)

Note 1. HRA Assets

The number and types of dwellings in the Council's housing stock is as follows:

	2021/22	2020/21
Houses/Bungalows (including part-ownerships)	2,140	2,160
Flats	1,536	1,526
	3,676	3,686

The change in the stock was as follows:

	2021/22	2020/21
Stock at 1 April	3,686	3,789
Less sales (including part-ownership)	(28)	(19)
Less removal from stock (Biarl Place demolitions)	(8)	(124)
Add: new build properties	21	-
Add: purchase of properties	5	40
Stock at 31 March	3,676	3,686

The balance sheet includes HRA assets as detailed below.

	2021/22	2020/21
	£000	£000
Balance Sheet values as at 31 March		
Operational Assets: Dwellings	197,409	197,412
Operational Assets: Other Land & Buildings	847	1,014
Operational Assets: Equipment	652	360
Operational Assets: Infrastructure	867	644
Non-Operational Assets	1,110	709
Assets Under Construction	915	3,125
	197,409	203,264

Note 2. Vacant Possession

	2021/22 £000	2020/21 £000
Vacant Possession Value of Dwellings as at January 2021	488,280	487,816
Balance Sheet Value of Dwellings	(197,409)	(197,412)
Economic cost to Government	290,871	290,404

The vacant possession value of the dwellings is the equivalent of the market value of the properties. For balance sheet purposes it is necessary to adjust this value to show the cost of the properties at social value. This represents a value for a property if it were sold with sitting tenants enjoying rents at less than open market rents and rights such as Right to Buy. The difference between the two values represents the economic cost to the Government of providing council housing at less than open market rents. An adjustment factor is provided by the Government, which measures the difference between market and local authority rents at a regional level. The adjustment factor for Rugby is set at 40%.

Note 3. Major Repairs Reserve

The Major Repairs Reserve is an earmarked reserve for the capital financing of the planned element of replacement expenditure on council houses.

	2021/22 £000	2020/21 £000
Balance at 1 April	(3,373)	(2,189)
Amount transferred to Major Repair Reserve during the year	(3,161)	(3,249)
Appropriations to or (from) HRA Revenue	0	0
Capital financing	2,729	2,065
Balance at 31 March	3,805	(3,373)

Note 4. Housing Repairs Account

The Housing Repairs Account is an earmarked reserve for the financing of reactive and planned maintenance on council houses.

	2021/22 £000	2020/21 £000
Balance at 1 April	(315)	(667)
Contributions during the year	(4,267)	(3,979)
Repairs and maintenance charged	4,490	4,331
Balance at 31 March	(92)	(315)

Note 5(i). HRA Capital Expenditure and Financing

The following table provides a summary of total capital expenditure on land, houses and other property within the Council's HRA during the financial year, broken down by sources of funding:

	2021/22 £000	2020/21 £000
Council dwellings	5,316	7,160
Other assets	327	32
Housing Management Systems	0	45
Other expenditure	553	3,724
	6,196	10,961
Financed by:		
Direct Revenue Finance	(2,365)	(2,953)
Government Grant	(2,242)	(806)
Earmarked Reserves		-
Right to Buy Receipts	(343)	(1,239)
Major Repairs Reserve	(2,729)	(2,065)
Borrowing	1,483	(2,700)
External Finance – S.106	0	(1,198)
	(6,196)	(10,961)

Note 5(ii). HRA Capital Receipts

The following table provides a summary of total capital receipts from disposals of land, houses and other property within the Council's HRA during the financial year:

	2021/22 £000	2020/21 £000
Sales of Council Houses under Right to Buy (RTB)	(2,937)	(1,825)
RTB Discounts repaid	(9)	(11)
Council House Mortgage Principal Repayments	(57)	-
	(3,003)	(1,836)

Note 6. Depreciation of Property Plant and Equipment

The following table provides a summary of the charges for depreciation for the land, houses and other property within the Council's HRA:

	2021/22 £000	2020/21 £000
Operational Assets		
Dwellings, other land, buildings	(2,988)	(2,998)
Equipment	(132)	(222)
Non-operational assets	(30)	(29)
	(3,150)	(3,249)

A full valuation of the stock must be undertaken every 5 years. The latest one was carried out as at 1 January 2020.

Note 7. Contribution to/from Pensions Reserve

The HRA share of IAS19 Employee Benefits pension adjustments is based on the number of employees charged to the HRA. Also see Note 35 Pension Costs and Note 36 Pensions Reserve.

Note 8. Tenant Arrears

During 2021/22 rent arrears as a proportion of gross rental income have changed from 7.80% of the amount due to 6.68%. The figures, excluding service charges and debts of up to three weeks are as follows:

	2021/22 £000	2020/21 £000
Arrears of current tenants (not including current weeks)	520	557
Arrears of former tenants	376	465
Total tenants' arrears at 31 March	896	1,022

During 2021/22 – the Housing Management - Tenancy Sustainment team provided tenancy coaching to more than 400 customers, including those living in temporary accommodation in preparation for secure tenancies.

Bad Debts

The level of bad debt provision is calculated with reference to the HRA (Arrears of Rents and Charges) Directions 1990. An analysis of the Bad Debt Provision Account is as follows:

	2021/22 £000	2020/21 £000
Balance at 1 April	(521)	(636)
Write off/Write on	30	5
Provision made in the year	9	110
Balance as at 31 March	(482)	(521)

Collection Fund Statement

This account reflects the statutory requirements for the Council as a billing Authority to maintain a separate Collection Fund. The statement shows the transactions of the billing Authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and business rates.

	2021/22		2020/21	
	Business Rates	Council Tax	Total	Total
	£000	£000	£000	£000
INCOME				
Council Tax Receivable	0	(79,037)	(79,037)	(74,427)
Transfer for S13A(1)(C) Relief	0	(0)	(0)	(643)
Business Rates Receivable	(51,293)		(51,293)	(36,581)
Transitional Protection Payments Receivable	(80)		(80)	-
	(51,372)	(79,037)	(130,409)	(111,651)
Contribution to Previous Year Estimated Deficit			0	
Central Government	(8,232)		(8,232)	(918)
Warwickshire County Council	(1,646)	(182)	(1,829)	(183)
Rugby Borough Council	(6,586)	(27)	(6,612)	(734)
Police and Crime Commissioner for Warwickshire	0	(29)	(29)	-
	(16,464)	(238)	(16,702)	(1,835)
Total Income	(67,837)	(79,275)	(147,111)	(113,486)
EXPENDITURE				
Transitional Protection Payments	0	0	0	99
Distribution of Previous Year Estimated Surplus				
Central Government	0	0	0	-
Warwickshire County Council	0	0	0	547
Rugby Borough Council	0	0	0	81
Police and Crime Commissioner for Warwickshire	0	0	0	87
	0	0	0	715
Precepts, Demands and Shares				
Central Government	26,004		26,004	25,889
Warwickshire County Council	5,201	59,401	64,602	62,850
Rugby Borough Council	20,803	8,633	29,436	29,109
Police and Crime Commissioner for Warwickshire	0	9,799	9,799	9,218
	52,008	77,832	129,840	127,066
Disregarded Amounts				
Renewable Energy	80	0	80	0
	80	0	80	0
Charges to Collection Fund				
Less: Increase / (Decrease) in Bad Debt Provision	11	243	254	387
Less: Increase / (Decrease) in Provision for Appeals	4,833	0	4,833	(3,410)
Appeals and List Alterations	(3,630)	0	(3,630)	(1,936)
Cost of Collection Allowance	132	0	132	134
	1,346	243	1,589	(4,825)
Total Expenditure	53,434	78,075	131,509	123,055
Movement on Fund				
(Surplus)/ Deficit arising during the year	(14,403)	(1,200)	(15,602)	9,569
(Surplus)/ Deficit arising at 1 April	10,216	534	10,750	1,181
(Surplus)/ Deficit arising at 31 March	(4,187)	(665)	(4,852)	10,750

Notes to the Collection Fund Statement

Note 1. Council Tax

The Council is required to calculate a tax base each year and this is divided into the total precept requirement for Warwickshire County Council, the Police and Crime Commissioner for Warwickshire and the Borough Council to produce the average band D council tax figure of £2,009.33 for 2021/22.

The tax base is calculated by estimating the number of chargeable dwellings in each valuation band, taking into account an estimate of additions and deletions during the year, and adjusted for the effects of various reliefs, exemptions and discounts, where applicable.

This is converted to an equivalent number of band D dwellings. Finally, an adjustment is made to cover non-collection of arrears. A summary of the calculation is shown in the following table.

Band	No. of Chargeable Dwellings	Ratio	Band D Equivalent
A-	7.87	5/9	4.37
A	6,128.77	6/9	4,085.85
B	9,222.92	7/9	7,173.38
C	10,041.62	8/9	8,925.88
D	6,224.17	9/9	6,224.17
E	4,690.56	11/9	5,732.91
F	3,039.73	13/9	4,390.72
G	1,627.91	15/9	2,713.18
H	70.93	18/9	141.86
			39,392.33
		Less allowance for non-collection	(787.85)
		Contributions in lieu (MOD properties)	131.00
		COUNCIL TAX BASE 2020/21	38,735.48

(Band A- relates to a reduction for persons with disabilities on Band A)

The tax base multiplied by the average band D council tax of £2,009.33 provided an original estimate of income of £77.833m for 2021//22. The actual income for 2021/22 was £79.275m thus above expectations by 1.85%.

Note 2. Business Rates (National Non-Domestic Rates)

The business rates retention scheme provides for non-domestic rates collected by a billing authority to be shared between it, its major precepting authority and Central Government.

The Council collects non-domestic rates for its area, based on local rateable values multiplied by a national rate. The total rateable value for the Rugby Borough area was £131.543m at 31 March 2022 (£125.353m in 2020/21). The non-domestic rating multiplier for 2021/22 was 51.2p (51.2p in 2020/21) and the small business non-domestic rating multiplier was 49.9p (49.9p in 2020/21).

Note 3. Collection Fund Balance Apportionment

The net surplus on the Collection Fund as at 31 March 2022 of £4.852m will be split between the authorities and recovered in 2022/23 in the following proportions:

	2021/22			2020/21
	Business Rates	Council Tax	Total	Total
	£000	£000	£000	£000
Central Government	(2,093)	0	(2,093)	5,108
Warwickshire County Council	(419)	(506)	(925)	1,431
Police and Crime Commissioner for Warwickshire	0	(85)	(85)	66
Rugby Borough Council	(1,675)	(74)	(1,749)	4,145
	(4,187)	(665)	(4,852)	10,750

The Balance Sheet as at 31 March 2022 will include a net creditor/debtor for each of the precepting authorities' share of the Collection Fund (surplus)/deficit.

The Council's share of the net surplus on the Collection Fund of £1.749m is recognised in the Comprehensive Income and Expenditure Statement in 2021/22 but reversed out to the Collection Fund Adjustment Account in the Movement in Reserves Statement.

Note 4. Collection Fund Adjustment Account

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

	2021/22			2020/21
	Business Rates	Council Tax	Total	Total
	£000	£000	£000	£000
Balance at 1 April	4,086	60	4,146	646
Amount by which income credited to the Comprehensive Income and Expenditure Statement is different from income calculated for the year in accordance with statutory requirements.	(5,761)	(134)	(5,895)	3,499
Balance at 31 March	(1,675)	(74)	646	4,145

Note 5. Coventry and Warwickshire Business Rates Pool

The Council has been part of the Coventry and Warwickshire Business Rates Pool since the introduction of the Business Rates Retention scheme in 2013/14. The outturn performance of the Pool between 2013/14 – 2021/22 had resulted in an accumulated Safety Net Reserve balance of £2.435m of which the Council's share was £0.627m.

Independent Auditor Report

Annual Governance Statement

See separate report on the agenda

Glossary

Accruals Basis

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

Appointed Auditors

From 1 April 2015 the appointment of External Auditors to Local Authorities is undertaken by Public Sector Audit Appointments Limited (PSAA), an independent company limited by guarantee and incorporated by the Local Government Association in August 2014. Grant Thornton UK LLP is the Council's appointed Auditor.

Balances

The balances of the Council represent the accumulated surplus of income over expenditure on any of the Funds.

Business Rates

A local tax paid by businesses, based on the value of their premises as assessed by the Government Valuation Office Agency (VOA).

Capital Expenditure

This is expenditure on the acquisition of a fixed asset, or expenditure, which adds to, and not merely maintains, the value of an existing fixed asset.

Capital Financing Requirement

A measure of an authority's cumulative need to borrow to finance capital expenditure or to meet the costs of other long-term liabilities.

Capital Receipts

Income received from the sale of land or other capital assets, a proportion of which may be used to finance new capital expenditure, subject to the provisions contained within the Local Government Act 2003.

Carrying Amount

The Balance Sheet value recorded of either an asset or a liability.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the leading professional accountancy body for public services.

Code of Practice (the Code)

The Code of Practice on Local Authority Accounting determines how Local Authorities should interpret all issued Accounting Standards in the light of statutory legislation and guidance, to present fairly the accounts of a public body.

Collection Fund

The Council as a billing authority has a statutory obligation to maintain a separate Collection Fund. This shows the transactions of the Council in relation to the collection from taxpayers of council tax and Non-Domestic Rates (NDR) and its distribution to local Government bodies and the Government.

Community Assets

These are non-current assets that the Council intends to hold in perpetuity which have no determinable finite useful life and, in addition, may have restrictions on their disposal. Examples include parks and historical buildings not used for operational purposes.

Contingent Liabilities or Assets

These are amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately, and for which provision has not been made in the Council's Accounts.

Creditors

Amounts owed by the Council for work done, goods received, or services rendered, for which payment has not been made at the date of the balance sheet.

Current Service Cost

Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e., the ultimate pension benefits "earned" by employees in the current year's employment.

Current Value

The current value of an asset reflects the economic environment prevailing for the service or function the asset is supporting at the reporting date.

Debtors

These are sums of money due to the Council that have not been received at the date of the Balance Sheet

Defined Benefit Scheme

This is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Department for Levelling Up, Housing and Communities (DLUHC)

MHCLG is a Central Government department with the overriding responsibility for determining the allocation of general resources to Local Authorities.

Depreciation

This is the measure of the wearing out, consumption, or other reduction in the useful economic life of property plant and equipment assets.

Derecognition

Financial assets and liabilities will need to be removed from the Balance Sheet once performance under the contract is complete or the contract is terminated.

Earmarked Reserves

The Council holds several reserves earmarked to be used to meet specific, known or predicted future expenditure.

External Audit

The independent examination of the activities and accounts of Local Authorities to ensure the Accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Council has made proper arrangements to secure value for money in its use of resources.

Fair Value

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Finance Lease

A finance lease is a lease that transfers substantially all the risks and rewards of ownership of a fixed asset to the lessee.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

Financial Regulations

These are the written code of procedures approved by the Council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative and budgeting procedures.

General Fund

This is the main revenue fund of the Council and includes the net cost of all services financed by local taxpayers and Government grants.

Heritage Asset

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

Housing Benefit

This is an allowance to persons receiving little or no income to meet, in whole or part, their rent. Benefit is allowed or paid by Local Authorities but Central Government refunds part of the cost of the benefits and of the running costs of the services to Local Authorities. Benefits paid to the Council's own tenants are known as rent rebate and that paid to private tenants as rent allowance.

Housing Revenue Account (HRA)

Local Authorities are required to maintain a separate account - the Housing Revenue Account - which sets out the expenditure and income arising from the provision of council housing. Other services are charged to the General Fund.

Impairment

A reduction in the value of assets below its value brought forward in the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in a fixed asset's market value and evidence of obsolescence or physical damage to the asset.

Infrastructure Assets

Fixed Assets which generally cannot be sold and from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges and water and drainage facilities.

Intangible Assets

These are assets that do not have physical substance but are identifiable and controlled by the Council. Examples include software, licenses and patent

International Financial Reporting Standard (IFRS)

Defined Accounting Standards that must be applied by all reporting entities to all financial statements to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of the other entities.

Inventories

Amounts of unused or unconsumed stocks held in expectation of future use. Inventories are comprised of the following categories:

- Goods or other assets purchased for resale
- Consumable stores
- Raw materials and components
- Products and services in intermediate stages of completion
- Finished goods

Investment Properties

Property, which can be land or a building or part of a building or both, that is held solely to earn rentals or for capital appreciation or both, rather than for operational purposes.

Liabilities

These are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

Market Value

The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Materiality

Information is material if omitting it or misstating it could influence the decisions that users make based on financial information about a specific reporting authority.

Medium Term Financial Strategy (MTFS)

This is a financial planning document that sets out the future years' financial forecasts for the Council. It considers local and national policy influences and projects their impact on the general fund revenue budget, capital programme and HRA.

Medium Term Financial Plan (MTFP)

This is the detail and assumptions behind the MTFS and is referred to when the Council talk about the calculations in the MTFS.

Minimum Revenue Provision (MRP)

MRP is the minimum amount which must be charged to a Council's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.

Net Book Value (NBV)

The amount at which non-current assets are included in the balance sheet, i.e., their historical cost or current value less the cumulative amounts provided for depreciation.

Net Debt

Net debt is the Council's borrowings less cash and liquid resources.

Net Realisable Value (NRV)

NRV is the open market value of the asset in its existing use (or open market value in the case of non-operational assets) less the expenses to be incurred in realising the asset.

Non-Domestic Rate (NDR) (also known as Business Rates)

NDR is the levy on business property, based on a national rate in the pound applied to the 'rateable value' of the property. The Government determines national rate poundage each year which is applicable to all Local Authorities.

Operating Lease

This is a type of lease, usually of computer equipment, office equipment, furniture, etc. where the balance of risks and rewards of holding the asset remains with the lessor. The asset remains the property of the lessor and the lease costs are revenue expenditure to the Council.

Prior Period Adjustments

These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

Property, Plant and Equipment (PPE)

PPE are tangible assets (i.e., assets that have physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one year.

Provisions

Amounts set aside to meet liabilities or losses which it is anticipated will be incurred but where the amount and/or the timing of such costs are uncertain.

Related Parties

Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, elected members, all senior officers from Director and above and the Pension Fund. For individuals identified as related parties, the following are also presumed to be related parties:

- members of the close family, or the same household; and
- partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

Reporting Standards

The Code of Practice prescribes the accounting treatment and disclosures for all normal transactions of a local authority. It is based on International Financial Reporting Standards (IFRS), International Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) plus UK Generally Accepted Accounting Practice (GAAP) and Financial Reporting Standards (FRS).

Reserves

Reserves are reported in two categories

Usable Reserves

Amounts set aside to help manage future risks, to provide working balances or that are earmarked for specific future expenditure priorities.

Unusable Reserves

Amounts that the Council is required to identify but which cannot be used to support the provision of services. The unusable reserves include unrealised gains and losses as identified in the Revaluation Reserve below and timing differences reflecting the statutory funding basis of Council expenditure compared to proper accounting practices.

Revaluation Reserve

The Reserve records the accumulated gains on the non-current assets held by the Council arising from increases in value because of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of a non-current asset that has been charged as expenditure to the CIES.

Section 106 (Developer) Contributions

Planning obligations are legal contracts made under section 106 of the 1990 Town and Country Planning Act. They are generally entered into by agreement between councils and landowners.

Treasury Management

This is the process by which the Council controls its cash flow and its borrowing and lending activities.

Treasury Management Strategy (TMS)

A strategy prepared with regard to legislative and CIPFA requirements setting out the framework for treasury management activity for the Council.

Unsupported (Prudential) Borrowing

This is borrowing for which no financial support is provided by Central Government. The borrowing costs are to be met from current revenue budgets.

Useful Life

The period over which the Council will derive benefits from the use of a non-current asset.



Appendix B

Briefing Note

2021/22 Pre- Audit Financial Statements

1. Preparation of Financial Statements

The Financial Statements have been prepared in line with:

- International Financial Reporting Standards (IFRS) as adapted for the Public Sector;
- CIPFA Accounting Code of Practice; and
- Statutory Requirements

The statutory deadline for producing the Council's pre audit Financial Statements has been changed to 31 July 2022 with the requirement to publish the audited financial statements by 30 November. This is an extension of the deadline relaxation allowed for the preparation of Financial Statements as a result of the pressures arising from the COVID-19 pandemic. The deadlines for production of the 2022/23 statements are currently expected to return to the 31 May/31 July deadlines from pre the pandemic.

The Council will publish its pre-audit Financial Statements on 29 July 2021, with public inspection of the accounts starting on 29 July. Interested parties have a right to inspect the accounts for a 30 working day period and local electors have the right to ask questions of the auditor or to make an objection to the auditor on the Financial Statements.

Grant Thornton will begin its audit work on 25 July

During the audit period, there may be changes to the Financial Statements and these will be reported to this Committee when they are due for signing off.

2. Layout of the Financial Statements

The Financial Statements have been set out in a standard format comprising:

- Narrative Report – which sets out details of the Council's major activities and performance during the year;
- Four Primary Statements
 - Comprehensive Income and Expenditure Statements (CIES) – showing the financial performance during the year on a proper accounting basis
 - Movement in Reserves Statement (MiRS) – showing the movement of reserves during the year taking into account the financial performance during the year and the impact of statutory accounting adjustments
 - Balance Sheet – showing the net value of the Council, broken down into separate groupings of a like nature for assets and liabilities
 - Cashflow Statement – shows the impact of the Council's activities during the year on its cashflow position
- Notes supporting and providing more detail on information in the Primary Statements and the risks that the Council faces to its financial position
- Housing Revenue Account – showing the performance in the ring fenced HRA
- Collection Fund Accounts – showing the movements on the Collection Fund relating to Council Tax and Business Rates, and
- Annual Governance Statement



3. Overall messages arising from 2021/22

The major factor underpinning the Council's performance in 2021/22 has been the actions being taken and the risk factors arising from the COVID-19 pandemic. The Government has provided significant funding to local authorities to help mitigate the local economic impacts through the support to local businesses and residents to offsetting some of the financial losses faced as a result of lost income during the year. The pandemic has also meant that there has been less certainty around some of the valuations of assets within the Balance Sheet, for example, in respect of Property, Plant and Equipment.

Comprehensive Income and Expenditure Statement

Within the CIES, the Council's Total Comprehensive Income and Expenditure has moved from a deficit of £3.799m in 2020/21 to a surplus of (£30.500m) in 2021/22, a movement of (£34.299m). This is largely due to the positive return on the pension fund assets (£20.589m) and revaluation gains on the Council's assets (£9.465m), as a result of the recovery post Covid-19.

The impact of Covid-19 on expenditure and income has distorted the financial performance from 2020/21 to 2021/22 with grants being recorded against service and the Taxation and Non-Specific grant income lines. Details of grants received are set out in Note 18 to the financial statements.

The movement on the HRA is mainly as a result of charges for depreciation and impairment of assets, for which there are statutory reversals transacted through the MiRS.

Details of the CIES are set out in the table below.

2020/21				Note	2021/22		
Gross Expenditure	Gross Income	Net Expenditure			Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000	
19,065	(16,396)	2,669	Communities & Homes	18,578	(15,568)	3,010	
247	(154)	93	Digital & Comms	734	(557)	178	
222	(0)	221	Executive Director's Office	732	(123)	609	
1,221	(320)	901	Finance & Performance	1,515	(422)	1,092	
2,843	(1,257)	1,585	Growth & Investment	3,191	(1,778)	1,412	
20,162	(16,565)	3,598	Housing Revenue Account	18,870	(16,522)	2,348	
2,020	(51)	1,969	Legal & Governance	2,338	(247)	2,091	
4,781	(1,132)	3,649	Leisure & Wellbeing	5,726	(2,000)	3,726	
7,365	(3,012)	4,354	Operations & Traded	7,845	(3,203)	4,642	
3,119	(1,801)	1,318	Regulation & Safety	3,323	(1,822)	1,501	
3,823	(403)	3,421	Corporate Items	8,528	(76)	8,452	
64,867	(41,089)	23,778	Total Cost of Services	71,380	(42,318)	29,061	
1,499	(28)	1,471	Other Operating Expenditure		7	7	
3,812	(1,541)	2,271	Financing and Investment Income and Expenditure		1,230	1,230	
13,272	(41,507)	(28,235)	Taxation and Non-specific Grant Income		(30,744)	(30,744)	
83,407	(84,122)	(715)	(Surplus)/Deficit on Provision of Services			(446)	
			Other Comprehensive Income and Expenditure				
		(9,044)	(Surplus)/Deficit on revaluation of Property, Plant and Equipment			(9,465)	
		13,558	Remeasurement of the net defined benefit liability/(asset)			(20,589)	
		4,514	Total Other Comprehensive Income and Expenditure			(30,054)	
		3,799	Total Comprehensive Income and Expenditure			(30,500)	

Balance Sheet

The Council's Balance Sheet shows the net worth of the entity, which, as a result of the above, has moved from a net asset position of £185.702m to £216.203m.

Within the Balance Sheet, following revaluation of non-current assets, there has been an increase of £5.882m in the value of Heritage Assets where insurance values are used for certain valuations, including the Great Central Way Bridges. These valuations will have to be kept under review on a regular basis.

There has been a decrease of £34.7m in the amount of cash and Investments held by the Council primarily as a result of the early repayment of some long term borrowing.

Details of the Balance Sheet are set out below:

	Note	31 March 2022 £000	31 March 2021 £000
Property, Plant & Equipment	19	243,427	246,071
Heritage Assets	20	34,428	28,546
Investment Property	21	690	690
Intangible Assets		346	274
Long Term Investments	37	2,360	39,979
Long Term Advances	25	29	279
Long Term Debtors	26	114	122
Long Term Assets		281,395	315,961
Short Term Investments	40	79,640	82,668
Assets Held for Sale	22	468	3,701
Inventories		304	156
Short Term Debtors	26	10,332	12,083
Cash and Cash Equivalents	28	14,380	8,542
Current Assets		105,123	107,150
Short Term Borrowings	40	(7,758)	(63,151)
Short Term Creditors	27	(18,651)	(21,088)
Short Term Provisions	32	(238)	(673)
Current Liabilities		(26,646)	(84,912)
Long Term Provisions	32	(3,615)	(2,698)
Long Term Borrowing	40	(83,409)	(90,600)
Pension Liabilities	37	(40,407)	(53,575)
Grant Receipts in Advance	18	(16,238)	(5,624)
Long Term Liabilities		(143,670)	(152,497)
Net Assets		216,203	185,702
Usable Reserves	16	(61,982)	(56,374)
Unusable Reserves	18	(154,221)	(129,328)
Total Reserves		(216,203)	(185,702)

Usable Reserves

Usable Reserves are those that can be used to support expenditure on the provision of services. However, a number of reserves are earmarked for specific purposes and once they are used, the resource has gone.

Whilst Usable Reserves have reduced by £0.330m to £34.788m, the Business Rates Equalisation Reserve stands at £11.302m. This reserve has risen specifically as a result of

significant reduction in business rates following the expected reset of the Business rates system in April 2023

	31 March 2020 £000	Movement 2020/21	31 March 2021 £000	Movement 2021/22 £000	31 March 2022 £000
General Fund					
Budget Stability Reserve	(2,494)	(554)	(3,048)	341	(2,707)
Business Rates Equalisation Reserve	(3,646)	(8,701)	(12,347)	1,045	(11,302)
Section 106 (Developer) Contributions - Revenue	(1,152)	172	(980)	(517)	(1,497)
Emergency climate reserve	0	(500)	(500)	0	(500)
Transformation Fund	0	(500)	(500)	100	(400)
Revenue Grants & Contributions from Third Parties	(409)	(204)	(613)	220	(393)
Welfare Support Reserve	(439)	(21)	(460)	136	(324)
Town Centre Improvement Reserve	(327)	135	(192)	30	(162)
Hall of Fame Licence Reserve	(300)	120	(180)	129	(51)
Carry forward Reserve	(331)	(254)	(585)	(597)	(1,182)
Other smaller reserves e.g., plant & equipment reserves	(655)	(80)	(735)	(120)	(855)
Total General Fund Earmarked Reserves	(9,753)	(10,387)	(20,140)	767	(19,373)
HRA					
Housing Repairs Account	(668)	352	(316)	223	(93)
Housing Revenue Account Capital Balances	(14,765)	363	(14,402)	(611)	(15,013)
Sheltered Accommodation	(212)	(48)	(260)	(49)	(309)
Total HRA Earmarked Reserves	(15,645)	667	(14,978)	0	(14,978)
Total Earmarked reserves	(25,398)	(9,720)	(35,118)	330	(34,788)

Other Items of Interest

There a number of other notes which provide information to the reader of the Financial Statements which are of general interest and which are detailed below:

- Officers Remuneration (note 39)
 - Statutory requirement to show Senior Officers, higher paid officers and costs of termination packages
- Members Remuneration (note 38)
 - Statutory requirement to show costs attributable to elected members
- Grant Income (note 15)
 - Shows how the Council is funded from Government
 - There are also significant funds where the Council acts as agent for distribution of funds

- Property Notes (note 19)
 - Shows how the carrying value of property changes
 - Capital Financing Requirement shows the Council's borrowing need to fund the development of assets not funded from other sources, for example, from capital grants, capital receipts or Direct Revenue Financing
- Related Parties (note 36)
 - To show how the Council may be influenced in its decision making
- Pension costs (note 37)
 - Shows the movements on pension liabilities
- Financial Instruments (note 32)
 - Shows the risks faced by the Council in its investments
- Provisions and Contingent Liabilities (note 33)
 - Shows potential risks faced by the Council