

Enquiries to Democratic Services
Direct Dial: 024 7637 6000
Direct Email: committee@nuneatonandbedworth.gov.uk

Date: 22nd November 2024

Our Ref: MM

Dear Sir/Madam,

An Extraordinary meeting of the **AUDIT & STANDARDS COMMITTEE** will be held in the Council Chamber, Town Hall, Nuneaton, on **Tuesday, 3 December 2024** at **6.00pm**

Yours faithfully,

TOM SHARDLOW

Chief Executive

To: All Members of the
Audit & Standards
Committee

Councillors J. Bonner (Chair), D. Brown
(Vice-Chair), T. Cooper, L. Cvetkovic,
B. Hancox, J. Hartshorn, W. Markham,
K. Price, B. Saru, C. Smith and M. Wright.

AGENDA

PART I - PUBLIC BUSINESS

1. ANNOUNCEMENTS

To advise the meeting participants of the procedure that will be followed by the Members of the committee.

A fire drill is not expected, so if the alarm sounds please evacuate the building quickly and calmly. Please use the stairs and do not use the lifts. Once out of the building, please gather outside Lloyds Bank on the opposite side of the road.

Exit by the door by which you entered the room or by the fire exits which are clearly indicated by the standard green fire exit signs.

If you need any assistance in evacuating the building, please make yourself known to a member of staff.

Please also make sure all your mobile phones are turned off or set to silent.

2. APOLOGIES - To receive apologies for absence from the meeting.

3. DECLARATIONS OF INTEREST

To receive declarations of Disclosable Pecuniary and Other Interests, in accordance with the Members' Code of Conduct.

Declaring interests at meetings

If there is any item of business to be discussed at the meeting in which you have a disclosable pecuniary interest or non-pecuniary interest (Other Interests), you must declare the interest appropriately at the start of the meeting or as soon as you become aware that you have an interest.

Arrangements have been made for interests that are declared regularly by members to be appended to the agenda (**Page 4**). Any interest noted in the Schedule at the back of the agenda papers will be deemed to have been declared and will be minuted as such by the Committee Services Officer. As a general rule, there will, therefore, be no need for those Members to declare those interests as set out in the schedule.

There are, however, TWO EXCEPTIONS to the general rule:

1. When the interest amounts to a Disclosable Pecuniary Interest that is engaged in connection with any item on the agenda and the member feels that the interest is such that they must leave the room. Prior to leaving the room, the member must inform the meeting that they are doing so, to ensure that it is recorded in the minutes.

2. Where a dispensation has been granted to vote and/or speak on an item where there is a Disclosable Pecuniary Interest, but it is not referred to in the Schedule (where for example, the dispensation was granted by the Monitoring Officer immediately prior to the meeting). The existence and nature of the dispensation needs to be recorded in the minutes and will, therefore, have to be disclosed at an appropriate time to the meeting.

Note: Following the adoption of the new Code of Conduct, Members are reminded that they should declare the existence and nature of their personal interests at the commencement of the relevant item (or as soon as the interest becomes apparent). If that interest is a Disclosable Pecuniary or a Deemed Disclosable Pecuniary Interest, the Member must withdraw from the room.

Where a Member has a Disclosable Pecuniary Interest but has received a dispensation from Audit & Standards Committee, that Member may vote and/or speak on the matter (as the case may be) and must disclose the existence of the dispensation and any restrictions placed on it at the time the interest is declared.

Where a Member has a Deemed Disclosable Interest as defined in the Code of Conduct, the Member may address the meeting as a member of the public as set out in the Code.

Note: Council Procedure Rules require Members with Disclosable Pecuniary Interests to withdraw from the meeting unless a dispensation allows them to remain to vote and/or speak on the business giving rise to the interest.

Where a Member has a Deemed Disclosable Interest, the Council's Code of Conduct permits public speaking on the item, after which the Member is required by Council Procedure Rules to withdraw from the meeting.

4. PUBLIC CONSULTATION - Members of the Public will be given the opportunity to speak on specific agenda items, if notice has been received.

Members of the public will be given three minutes to speak on a particular item and this is strictly timed. The chair will inform all public speakers that: their comments must be limited to addressing issues raised in the agenda item under consideration: and that any departure from the item will not be tolerated.

The chair may interrupt the speaker if they start discussing other matters which are not related to the item, or the speaker uses threatening or inappropriate language towards Councillors or officers and if after a warning issued by the chair, the speaker persists, they will be asked to stop speaking by the chair.

The chair will advise the speaker that, having ignored the warning, the speaker's opportunity to speak to the current or other items on the agenda may not be allowed. In this eventuality, the chair has discretion to exclude the speaker from speaking further on the item under consideration or other items of the agenda.

5. STATEMENT OF ACCOUNTS 2022/23 APPROVAL – a report of the Strategic Director – Corporate Resources **(Page 6)**.
6. ANY OTHER ITEMS - which in the opinion of the Chair should be discussed as a matter of urgency because of special circumstances (which must be specified).

Audit and Standards – Schedule of Declarations of Interests – 2024/2025

	Name of Councillor	Disclosable Pecuniary Interest	Other Personal Interest	Dispensation
	General dispensations granted to all members under s.33 of the Localism Act 2011			Granted to all members of the Council in the areas of: <ul style="list-style-type: none"> - Housing matters - Statutory sick pay under Part XI of the Social Security Contributions and Benefits Act 1992 - An allowance, payment given to members - An indemnity given to members - Any ceremonial honour given to members - Setting council tax or a precept under the Local Government Finance Act 1992 - Planning and Licensing matters - Allotments - Local Enterprise Partnership
	J. Bonner	Employed by Etone College (Matrix Academy Trust) - Teacher	The Labour Party (sponsorship) Member of: <ul style="list-style-type: none"> - The Labour Party - National Education Union 	
	D. Brown	Employed by H.M Land Registry	<ul style="list-style-type: none"> -Regional Coordinator, Ragdoll Rescue Charity. -Trustee of the Exhall Education Foundation Charity 	
	T. Cooper			
	L. Cvetkovic	Head of Geography (Teacher), Sidney Stringer Academy, Coventry	The Bulkington Volunteers (Founder); Bulkington Sports and Social Club (Trustee) Member on the following Outside Bodies: <ul style="list-style-type: none"> - Building Control Partnership Steering Group 	
	B. Hancox		The Labour Party (sponsorship) Member of: <ul style="list-style-type: none"> - The Labour Party - Unite the Union - British Gurkha Veterans Association (Adviser) Representative on the following Outside Bodies: <ul style="list-style-type: none"> - Nuneaton Festival of Arts - Bedworth Neighbourhood Watch Committee - Nicolas Chamberlaine's School Foundation 	

	Name of Councillor	Disclosable Pecuniary Interest	Other Personal Interest	Dispensation
	J. Hartshorn	Employed by Asda Nuneaton	Member of Nuneaton Conservatives	
	W. Markham		Governor at Ash Green School for SEND Member of the following bodies: - Unite Union - Free Speech Union - Exhall Multicultural Group	
	K. Price	Warwickshire County Council	The Labour Party Unite the Union BASW Social Work England Registration	
	B. Saru	- Director – Saru Embroidery Ltd - Co-founder and Owner – Fish Tale Ale Beer	- Labour Party (sponsorship) - Chair of the British Gurkha Veterans Association Representative on the following Outside Bodies: - Armed Forces Covenant	
	C. Smith	Software Engineer – Prophet PLC	- Member of Labour Party and Unite - Safeguarding – Manor Park RFC Representative on the following Outside Bodies: - Astley Charity	
	M. Wright			

NUNEATON AND BEDWORTH BOROUGH COUNCIL

Report to: Audit and Standards Committee 3rd December 2024

From: Strategic Director – Corporate Resources

Subject: Statement of Accounts 2022/23 Approval

1. Purpose of Report

1.1 To provide the final amended version of the 2022/23 Statement of Accounts for approval.

2. Recommendations

2.1 That the Audit Opinion on the Statement of Accounts are noted.

2.2 That delegated authority is given to the Strategic Director – Corporate Resources and Chair of Audit and Standards Committee to sign the Accounts.

3. Background

3.1 The External Auditor, Grant Thornton have been working with the Finance team to finalise the audit opinion for 2022/23.

4. Body of Report

4.1 The audit has not been concluded due to the application of the local authority backstop, and the Audit opinion details the implications.

5. Conclusion

5.1 That the opinion, is considered, and final Statement of Accounts are approved.

6. Appendices

6.1 Appendix A – Nuneaton and Bedworth Borough Council Audit Findings Report
Appendix B – Statement of Accounts 2022/23

7. Background Papers (if none, state none)

7.1 None.

Independent auditor's report to the members of Nuneaton and Bedworth Borough Council (Draft version)

Report on the audit of the financial statements

Disclaimer of opinion

We were engaged to audit the financial statements of Nuneaton and Bedworth Borough Council (the 'Authority') for the year ended 31 March 2023, which comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, Cash Flow Statement, Housing Revenue Account Income and Expenditure Statement, Movement on the Housing Revenue Account, Collection Fund Income and Expenditure Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

We do not express an opinion on the accompanying financial statements of the Authority. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish audited financial statements for the year ended 31 March 2023 by 13 December 2024 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements. We have not been able to obtain sufficient appropriate audit evidence by the backstop date to conclude that the Authority's financial statements for the year ended 31 March 2023 as a whole are free from material misstatement. We were also unable to obtain sufficient appropriate evidence for the corresponding figures for the same reason. We have therefore issued a disclaimer of opinion on the financial statements. This enables the Authority to comply with the requirement in the Regulations that they publish audited financial statements for the year ended 31 March 2023 by the backstop date. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive.

Other information we are required to report on by exception under the Code of Audit Practice

Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

Opinion on other matters required by the Code of Audit Practice

The Director of Finance and Enterprise is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the Authority's financial statements and our auditor's report thereon. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, whether the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority and the Director of Finance and Enterprise

As explained more fully in the Statement of Responsibilities, as set out of page 15, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Finance and Enterprise. The Director of Finance and Enterprise is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Director of Finance and Enterprise determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Finance and Enterprise is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Authority's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on those financial statements.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations.

The audit was defective in its ability to detect irregularities, including fraud, on the basis that we were unable to obtain sufficient appropriate audit evidence due to the matter described in the basis for disclaimer of opinion section of our report.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in respect of the above matter except on 12 November 2024, we identified a significant weakness in the Authority's governance arrangements. Turnover of staff within the finance team has led to significant delays in the financial statements preparation process and a number of highly material adjustments to the financial statements for the 2021/22 financial year. The draft financial statements for the 2022/23 financial year were not published until 11 October 2024. We recommended that the Council needs to ensure that its finance team is sufficiently resourced, with the appropriate skills, to ensure that the issues that have delayed the completion of the 2021/22 financial statements are resolved. The Council needs to prepare high quality financial statements for 2022/23 and later years which are supported by appropriate reports and working papers to enable audits to proceed with minimal issues.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in October 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.



Nuneaton and Bedworth Borough Council



Draft Statement of Accounts 2022/23

Draft Statement of Accounts

2022/23

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Narrative Report

INTRODUCTION

The Narrative Report provides information about Nuneaton and Bedworth, including the key issues affecting the Council and its accounts. It aims to provide key detail to support the Council's Statement of Accounts by presenting a transparent and simple overview of the Council's financial position and performance for the year, in addition to outlining its prospects for future years.

The Statement of Accounts have been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA), and in conjunction with the guidelines contained within the latest Code of Practice on Local Authority Accounting in the United Kingdom for 2022/23 (The Code).

These accounts have been prepared on a going concern basis. The concept of a going concern assumes that an organisation, its functions, and services will continue in operational existence for the foreseeable future. However, there is a high degree of uncertainty about future levels of funding for local government and the future national economic outlook. The Council's management has used its judgement and determined that its financial strategy is robust, and that this uncertainty is not yet sufficient to affect the assumptions underpinning the strategy and that the Council will continue as a going concern.

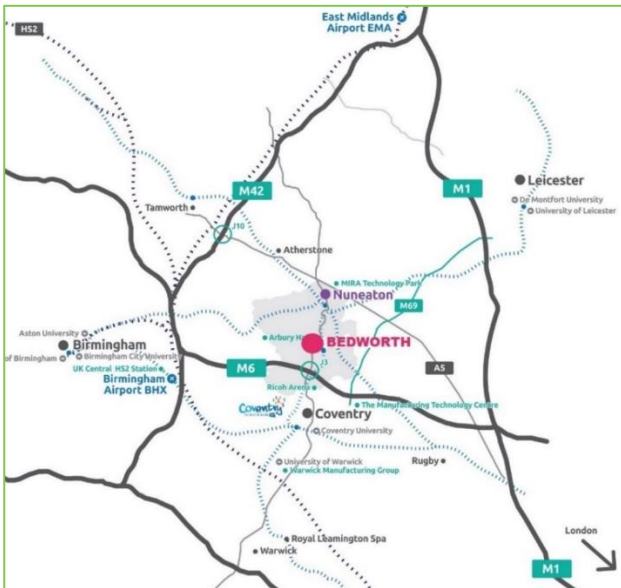
The Statement of Accounts presents the financial position and performance of the Council for the year ended 31st March 2023. It also provides information to members of the public, including electors and residents of the Borough, Council members, partners, stakeholders, and any other interested parties that the public money with which the Council has been entrusted has been used and accounted for in a legal and responsible manner.

The Narrative Report details the following information and is structured as follows:

- An introduction to Nuneaton and Bedworth and the Council
- Council performance
- An explanation of the Financial Statements
- A summary of financial performance and risks

INTRODUCTION TO NUNEATON & BEDWORTH

The Borough



Nuneaton and Bedworth Borough Council is located in a primarily urban area in the north of Warwickshire, covering approximately 78.95 km². It covers the two densely populated towns – Nuneaton and Bedworth, in addition to the village of Bulkington and some surrounding land. Nuneaton is the largest town within Warwickshire. The population of the borough is approximately 134,200 (*source: Office of National Statistics*) and enjoys a central location at the heart of the midland's motorway network.

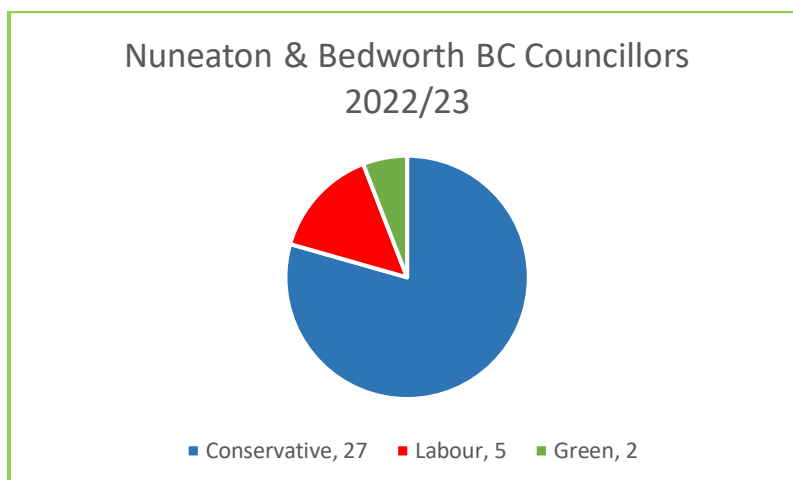
The Borough borders Rugby to the east and North Warwickshire to the west. To the south it borders Coventry and the West Midlands, and to the north Hinckley and Bosworth Borough Council in the county of Leicestershire.

Nuneaton and Bedworth has a rich and proud manufacturing heritage, mainly supporting the car industry and generating further economic growth in the Borough is recognised as the key priority to create future prosperity and employment opportunities for people, living, working, and visiting the Borough.

The Council

The Nuneaton and Bedworth Borough Council was created on 1st April 1974 by the Local Government Act 1972, from the merger of the municipal borough of Nuneaton and the urban district of Bedworth (which included Bulkington). The Borough is divided into 17 wards, each represented by two Councillors, giving a total of 34 Councillors serving the borough and its residents. Borough elections take place every two years, when 50% of the Councillors are elected.

Following the elections in May 2022 the Conservative Party is in political control with the following seats allocated:



How we work

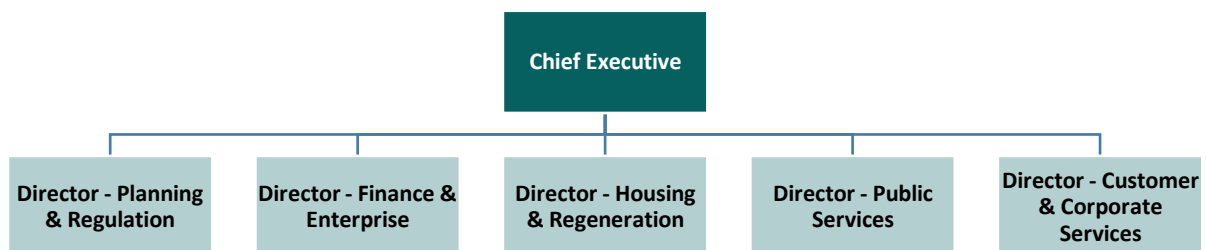
The Council has adopted the Leader and Cabinet model, as its political management structure arising from the Local Government and Public Involvement in Health Act 2007. During 2022/23 the Leader of the Council and five Portfolio holders made up the Cabinet.

The Cabinet members are held to account by a system of scrutiny which is also set out in the Council's constitution. There were three scrutiny panels during 2022/23 undertaking this role covering all the services provided by the Council. Councillor Kristofer Wilson was Leader for the 2022/23 municipal year.

The management structure supports the work of Councillors, and the Management Team consists of the Chief Executive and five Directors, including those with statutory responsibility. For 2022/23 the Director – Planning & Regulation was the Council's Monitoring Officer, and the Director – Finance & Enterprise was the Council's Chief Finance Officer (Section 151 officer), who under statute is responsible for the administration of the Council's financial affairs.

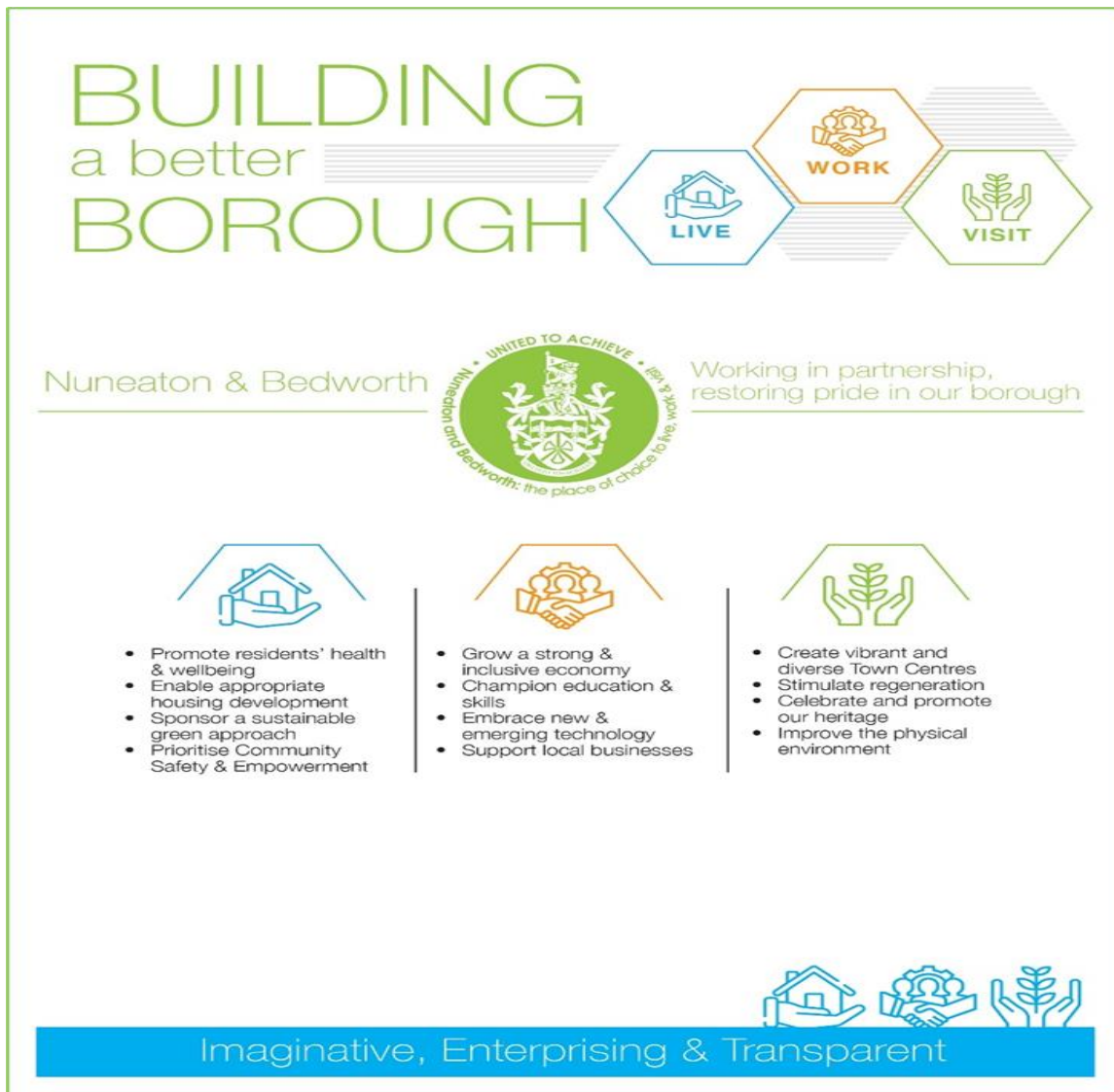
The Management Team has overall responsibility for the delivery of council services, directing improvements and future plans for Nuneaton and Bedworth. It provides managerial leadership and supports Councillors to develop strategies and deliver plans, identify and plan resources and to review the authority's effectiveness with the overall objective of providing excellent services to the public.

The organisation chart below shows the Management Team structure that was in place for 2022/23 with the Chief Executive leading the management team of the Council:



COUNCIL PERFORMANCE

In 2022 the Council adopted the Building a better Borough Corporate Plan which replaced the Delivering our Future strategic plan.



Management Team lead on the delivery of the Plan which outlines our key themes and priorities to 2025. Progress against the plan is monitored on a regular basis to Overview & Scrutiny panels throughout each financial year.

The Plan highlights three key themes for the Council, with a number of priorities sitting within each aim. The Council's Corporate Plan can be found on the following link:

[Corporate Plan: Building a Better Borough](#)

There are many risks faced by the Council both financial and non-financial which are categorised and mitigated as far as possible.

Detailed risk registers and performance monitoring is reported quarterly to the Overview and Scrutiny Panels and can be found on the Council's website.

The Council also has a number of internal values that underpin its decision making and culture. These are:

Service for our customers – We put our customers first in everything we do.

Integrity in our actions – We are open, honest and fair; communicate accurately and keep our promises. We act within the law and the Council's Constitution and policies.

Accountability for our performance – We accept personal responsibility, not seeking to blame others and apologise if we get things wrong.

Co-operation with Councillors, colleagues and partners – We share ideas, knowledge and resources; we are friendly towards, listen to and respect each other, and work in teams to deliver excellence.

Objectivity in our decisions – We base our decisions on evidence, welcome challenge and take account of alternative opinions and the wider picture.

Efficiency to keep overall costs down – We constantly improve our value for money, learning from good practice, eliminating waste, and making the most of our assets.

Confidence to try things out – We give our people encouragement, authority and support to be creative and flexible in how they deliver services; learning from things that go wrong when we experiment.

Nuneaton & Bedworth – the place of choice to live, work and visit.

The Council has around 600 employees who deliver a range of statutory and non-statutory services. These include our Housing service – both private sector, homelessness and our housing stock, Planning, Refuse, Green Waste, Street Cleansing and our Cultural facilities. There is a programme of mandatory training in place for our employees, as well as formal and professional training as appropriate.

The Council has a number of shared services and partnerships in place with other local authorities, the key ones being:

- North Warwickshire Borough Council – Revenues and Benefits, Elections and Private Sector Housing
- Rugby Borough Council – Procurement
- Home Environment Assessment & Response Team (HEART) – A county-wide partnership to deliver disabled facilities grants and home improvements. Nuneaton and Bedworth is the lead authority.
- Building Control – South Staffordshire Partnership
- Coventry City Council – Recycling, Trade Waste and HGV repairs and maintenance

Governance Arrangements

The Council has an effective governance framework which is reviewed annually with an action plan being put in place to address any weaknesses. This action plan is reviewed quarterly by the Corporate Governance Group.

Further detail on the Council's governance arrangements can be viewed in our Annual Governance Statement which was approved by Audit & Standards Committee on 9th January 2024 and can be found on the following link - [Annual Governance Statement | Transparency code | Nuneaton and Bedworth Borough Council](#)

EXPLANATION OF THE FINANCIAL STATEMENTS

There are four primary statements within the Statement of Accounts with a brief summary below of the purpose of each statement:

Movement in Reserves Statement (MIRS)

This statement shows the movement in year on the different reserves held by the Council analysed into '**usable**' reserves (those that can be used to fund expenditure or reduce local taxation) and '**unusable**' reserves.

- The Movement in Reserves Statement shows a £7.3m increase in usable resources for 2022/23. The balance of these usable reserves stood at £44.5m as at 31st March 2023.

The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income & Expenditure Statement (CIES). This value is different from the statutory amounts required to be charged to the General Fund balance and Housing Revenue Account (HRA) for Council Tax setting and Housing rent setting purposes.

Comprehensive Income & Expenditure Statement (CIES)

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

- A surplus of £3.9m on the provision of services is reported for 2022/23 compared to a deficit of £11.0m for 2021/22.

Balance Sheet

This shows the value of the Council's assets and liabilities. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. The overall value of the Council's net assets has increased to £312.8m from £231.3m.

Assets

Non-current assets increased by £43.2m due to the revaluation of assets, increased assets under construction with the regeneration of Nuneaton fully underway plus the pension liability revalued to become a pension asset.

Current assets reduced by £14.8m due to the use of cash and investments to support the funding of the regeneration programme plus debt repayment on the HRA.

Liabilities

The liabilities of the Council have reduced significantly between years by £53.1m due to repayment of debt on the HRA plus the pension liability being revalued as a pension asset.

Cash Flow Statement

This statement shows the changes in cash and cash equivalents of the Council during the reporting period. It shows how the Council generates and uses cash by classifying cash flows as operating, investing and financing activities.

Changes to the Financial Statements

There have been no significant changes to the Financial Statements between 31st March 2022 and 31st March 2023, but some disclosures may have been updated to comply with best practice reporting.

Accounting Policies

The Council's Accounting Policies are set out in note 1 to the Financial Statements. There have been no significant changes to the policies between 2021/22 and 2022/23.

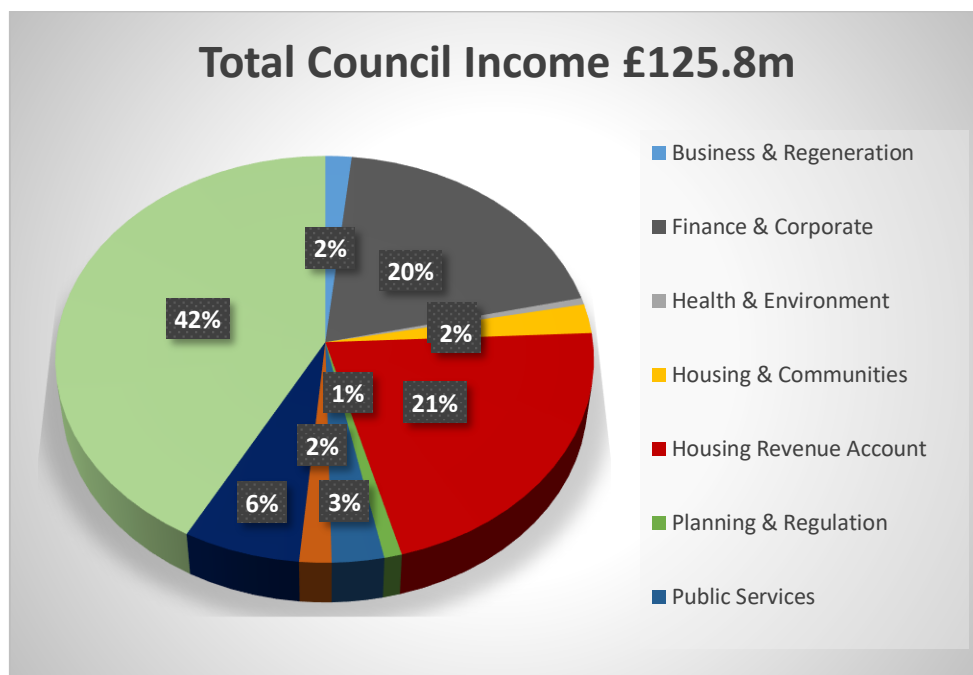
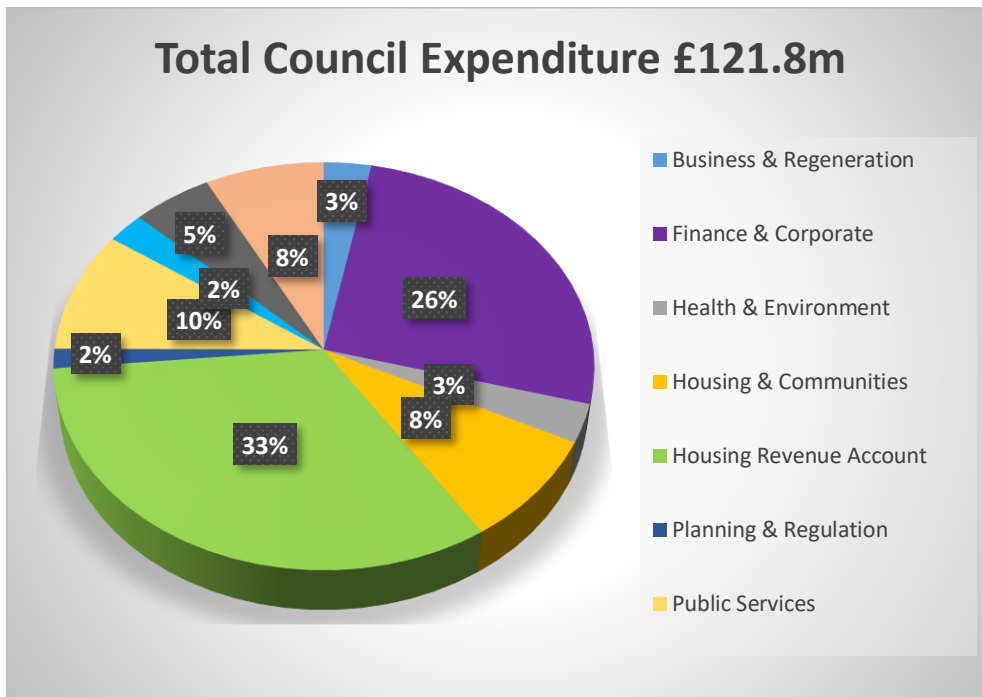
SUMMARY OF FINANCIAL PERFORMANCE & RISKS

Income & Expenditure of the Council

The Council delivers key services delivered in accordance with local priorities and statutory requirements. Income is received to fund these expenses from Council Tax, Non-Domestic Rates and Council house rent plus Government grants and contributions from selling services.

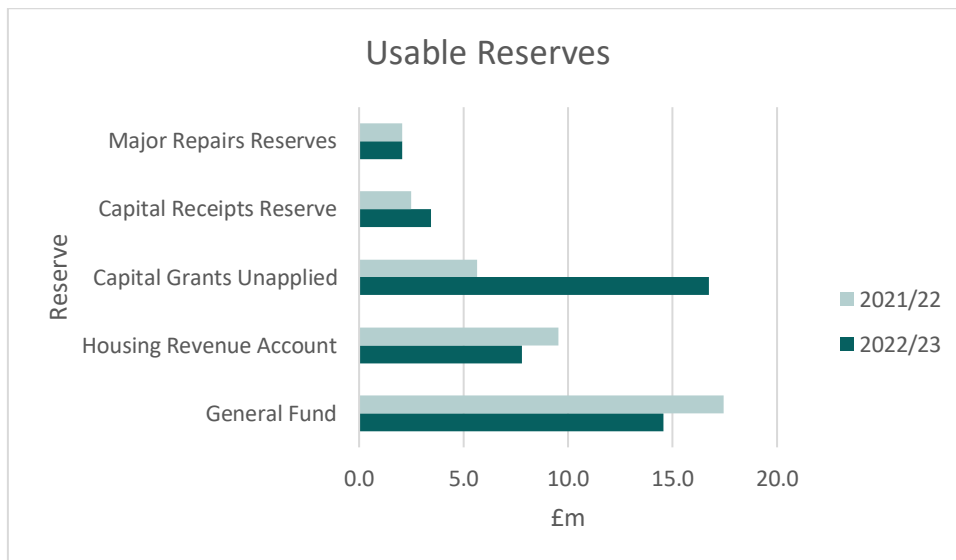
Although included in the overall Income & Expenditure Statement, the Council is required to account separately for the costs of providing council housing. A supplementary account called the Housing Revenue Account (HRA) is in place to ensure that costs related to council housing are funded by the rental income received from housing tenants. Any surplus or deficit is adjusted through the HRA reserve and must remain "ring-fenced" from other Council reserves.

The Council's Comprehensive Income & Expenditure Statement is reported in line with the Cabinet portfolios and the charts below show the expenditure incurred and income received during 2022/23:



Council Reserves

The Council's usable reserves have increased to £44.5m from £37.1m due to additional capital grant receipts for ongoing regeneration projects. The General Fund and HRA usable balances reduced between years due to deficits and contributions to capital.



Unusable reserves have increased to £268.3m from £194.1m due to an increased valuation of assets and a revaluation of the pension fund from a net liability to a net asset. A summary of the financial performance in year is listed below with links to the relevant Cabinet and Council reports for further detail.

General Fund

For the 2022/23 financial year, the Council set a net expenditure budget for the General Fund of £13.178m expecting a small surplus in year of £0.002m. A Band D Council Tax of £248.51 was approved which was an increase of 1.99% and generated a precept of £9.744m. Core funding through Business Rates and other Government Grants totalled £3.436m.

The position was balanced by March 2023 and there was an underspend of £0.182m in year relating mainly to increased fee income for planning and investment income but a reduction in car parking income due to the footfall in the town centres not returning to pre-Covid levels plus an increased cost of homelessness were seen as pressures in year.

A lower level of earmarked reserves set aside for financial resilience were drawn down in year. A prudent review of the concerns regarding car parking income and homelessness was undertaken as part of the 2023/24 budget setting process to mitigate risks of overspends in these areas going forwards.

Housing Revenue Account (HRA)

The budget for the HRA in 2022/23 was set as a deficit of £1.288m for the year due to increasing the levels of capital expenditure after scaling back works during the pandemic. The deficit was to be funded by reserves set aside from previous underspends.

Increased contractor, materials and utilities costs were seen in year due to inflationary pressures plus a purge on capital works which resulted in an overspend of £0.506m. This overspend was funded through reserves.

A thorough review of the HRA 30-year Business Plan is underway and will set out the planned expenditure and targets that the HRA needs to achieve to ensure regulatory compliance and remain financially sustainable. This will be reported during 2024/25.

Capital Expenditure & Financing

The Council incurs expenditure on acquiring new assets, by undertaking significant improvements to existing assets and by developing new assets. Expenditure is funded through grants, external contributions, external and internal borrowing and by utilising Council reserves.

In 2022/23, the Council spent £35.245m on capital schemes with £16.457m spent on council housing, £0.660m developing the Bedworth Physical Activity Hub, £4.854m on disabled adaptations through the HEART partnership, £9.161m on town centre regeneration, £0.913m providing grants through the Green Home scheme, £2.133m contribution to developing the Sherbourne Recycling Facility, £0.294m on the ICT strategy with the remainder being spent on smaller adhoc projects.



New build start at Byfield Street, Bar Pool

Revenue and capital budget monitoring information is reported quarterly to Cabinet throughout the year, in addition to quarterly reports to each Overview and Scrutiny Panel on the finance and performance of services falling within their remit.

The detailed approved budget for revenue and capital can be found on the following link:

[14 February 2022: Council | Nuneaton and Bedworth Borough Council](#)

Medium Term Financial Planning

The medium-term financial strategy was presented to Cabinet in November 2022 and covers the period 2022 to 2027. An update to the financial plan was approved by Council in February 2023 as part of the budget setting process, the link can be found above.

Commercial Activity

The Council's long term aim to be self-sufficient with less reliance on Government started in 2013 when the Council established a trading arm called Nuneaton and Bedworth Community Enterprises Ltd (NABCEL).



The first business stream that NABCEL operated was rental of private rented properties at full market rent. The company now manages a growing portfolio of properties plus two Bed and Breakfast establishments and also undertakes property management, gas services and cleaning services. Further information on the turnover and costs of NABCEL can be found in Note 33.

During 2019 the Council became one of the five founding “Partner Councils” in a ground breaking project to jointly fund, build, own and operate a Sub-Regional Materials Recycling Facility (MRF) located across our border in Coventry. That project has progressed to a point where there are now eight partner Councils (Coventry City Council, Solihull MBC, Walsall MBC, Rugby Borough Council, North Warwickshire Borough Council, Stratford on Avon District Council, Warwick District Council and ourselves) and construction has commenced on site following a major procurement exercise for building and equipment suppliers. The facility is in the process of construction and is due to open in October 2023. Details on the shareholder agreement of the Council is in note 31.



Financial Outlook and Financial Resilience

The General Fund faces a number of financial risks that are outside the Council’s control with the most significant one being the future funding arrangements provided by Government.

Future levels of funding for the Council are uncertain pending the most significant changes in Local Government funding for a generation.

The Government has confirmed that the longer-term reforms for the local government finance system (including the move to 75% **Business Rates Retention** and **Fair Funding Review** of Relative Needs and Resources) will be deferred for the remainder of this Parliament and it is now expected that changes will not be made until 2025/26.

Changes to the funding formula brings a high level of uncertainty as the Council, as a high business growth area, risks losing this growth with the Business Rates reset. The reset could redistribute the business rates growth generated since 2013/14, the point at which the retained rates system was introduced.

In addition, New Homes Bonus has provided a good level of resource for the Council to support services and projects. The Council set aside £1.3m of funding from New Homes Bonus in the 2023/24 budget round to support transformation and financial resilience. A loss of this funding stream would be detrimental to future plans and priorities.

Inflationary pressures on contracts, materials, utilities and salaries have also impacted both the General Fund and HRA and do not look set to reduce. This has added further pressure to an already stretched position for both Funds.

Financial planning into future years is currently challenging as even small variations to assumptions can have a significant impact to any forecast and although financial planning is prudent, the uncertainty around future funding and inflation makes longer-term commitments extremely risky.

The Future

Although there are many financial risks and uncertainty within the Council's financial planning, there are many opportunities present which will aid financial resilience into the future.

- The Council will continue with its aim to become self-financing and NABCEL, as its trading arm, will be critical to achieving this.
- The Council is committed to continuing digital transformation of its services to allow customers to access services in a way that suits them. We continue to implement new self-service systems which will allow customers to access their own accounts online, check balances and pay bills as well as report changes in their circumstances. This will create capacity for our staff to provide more added value services to those that are in greatest need.
- The Council is committed to transforming services and ensuring that efficiency, effectiveness and economic ways of working are at the forefront of all we do, delivering value for money services for our residents.
- The Council continues to be focused on the regeneration of its town centres. It has launched an ambitious 'Transforming Nuneaton' programme to develop and regenerate sites across the town centre.

Interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised on the Council's website at www.nuneatonandbedworth.gov.uk and a copy of the accounts can be downloaded (in addition to financial transparency reporting).

The information in this document may be made available in other selected languages. Copies may be made available on tape, in Braille or large print.

Statement of Responsibilities

Nuneaton and Bedworth Borough Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Finance & Enterprise.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

The Responsibilities of the Director of Finance and Enterprise

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

In preparing the Statement of Accounts, the Director of Finance & Enterprise has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Local Authority Code.

The Director of Finance & Enterprise has also:

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

Certificate of the S151 Officer

The Statement of Accounts set out on pages 17 to 99 have been prepared in accordance with the Code. They present a true and fair view of the financial position of the Council at 31st March 2023 and of its expenditure and income for the year ended 31st March 2023.



Victoria Summerfield (FCCA)
Director of Finance and Enterprise (S151 Officer)

10th October 2024

Approval of the Accounts

The Council formally approved this Statement of Accounts in accordance with the delegations approved at the meeting of the Audit & Standards Committee held on (*current draft – to be approved*).

**Councillor
Chair of Audit & Standards
Committee**

**Councillor
Vice Chair of Audit &
Standards Committee**

Date

Comprehensive Income and Expenditure Statement

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

£000	2022/23			2021/22		
	Expenditure	Income	Net	Expenditure	Income	Net
Business & Regeneration	3,746	(2,144)	1,602	3,142	(1,243)	1,899
Finance & Corporate	31,883	(24,796)	7,086	32,760	(26,747)	6,014
Health & Environment	3,698	(673)	3,025	3,599	(753)	2,846
Housing & Communities	10,368	(2,921)	7,447	8,822	(2,898)	5,924
Housing Revenue Account	39,878	(27,070)	12,808	38,694	(26,003)	12,690
Planning & Regulation	1,877	(1,229)	648	1,923	(1,179)	745
Public Services	11,694	(3,625)	8,069	11,986	(3,699)	8,287
Cost of Services	103,144	(62,459)	40,685	100,926	(62,521)	38,405
Other Operating Income & Expenditure		<i>Note 11</i>	743			1,470
Financing & Investing Income & Expenditure		<i>Note 12</i>	(1,859)			4,654
Taxation & Non-Specific Grant Income		<i>Note 13</i>	(43,538)			(33,481)
(Surplus) / Deficit on Provision of Services			(3,969)			11,047
(Surplus) / Deficit on Revaluation of Property Plant & Equipment			(18,467)			(27,767)
Remeasurement of the Net Defined Benefit Liability			(59,152)			(34,518)
Total Comprehensive Income & Expenditure			(81,588)			(51,238)

Movement In Reserves Statement

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 'unusable reserves'. The (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the CIES. This is different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes.

Movement in Reserves Statement 2022/23

<i>£'000</i>	General Fund	HRA	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Usable Reserves	Unusable Reserves	Total Reserves
Balance at 31 March 2022	(17,430)	(9,540)	(2,500)	(2,064)	(5,655)	(37,188)	(194,113)	(231,301)
Movement in Reserves during 2022/23:								
(Surplus) / Deficit on Provision of Services	(15,289)	11,321	0	0	0	(3,969)	0	(3,969)
Other Comprehensive Income & Expenditure	0	0	0	0	0	0	(77,619)	(77,619)
Total Comprehensive Income & Expenditure	(15,289)	11,321	0	0	0	(3,969)	(77,619)	(81,588)
Adjustments between Accounting & Funding basis (note 9)	18,169	(9,565)	(927)	(0)	(11,083)	(3,406)	3,406	0
(Increase) / Decrease in 2022/23	2,880	1,755	(927)	(0)	(11,083)	(7,374)	(74,213)	(81,588)
Balance at 31 March 2023	(14,550)	(7,785)	(3,426)	(2,064)	(16,737)	(44,563)	(268,327)	(312,889)
Adjustment for amounts earmarked for specific purposes (Earmarked Reserves - Note 10)	12,783	5,311						
Remaining Unallocated Balance	(1,767)	(2,474)						

Movement in Reserves Statement 2021/22

<i>£'000</i>	General Fund	HRA	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Usable Reserves	Unusable Reserves	Total Reserves
Balance at 31 March 2021	(19,862)	(10,535)	(4,100)	(1,612)	(2,630)	(38,739)	(141,324)	(180,063)
Movement in Reserves during 2021/22:								
(Surplus) / Deficit on Provision of Services	(3,696)	14,743	0	0	0	11,047	0	11,047
Other Comprehensive Income & Expenditure	0	0	0	0	0	0	(62,285)	(62,285)
Total Comprehensive Income & Expenditure	(3,696)	14,743	0	0	0	11,047	(62,285)	(51,238)
Adjustments between Accounting & Funding basis (note 9)	6,127	(13,748)	1,600	(452)	(3,025)	(9,498)	9,498	0
(Increase) / Decrease in 2021/22	2,432	995	1,600	(452)	(3,025)	1,550	(52,787)	(51,238)
Balance at 31 March 2022	(17,430)	(9,540)	(2,500)	(2,064)	(5,655)	(37,189)	(194,111)	(231,301)
Adjustment for amounts earmarked for specific purposes (Earmarked Reserves - Note 10)	15,848	5,311						
Remaining Unallocated Balance	(1,582)	(4,229)						

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. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

£000		2022/23	2021/22
	<i>Notes</i>		
Property, Plant & Equipment	14	295,275	289,463
Heritage Assets	14	1,165	1,165
Investment Property	15	33,032	28,506
Intangible Assets	14	1,105	1,107
Assets Under Construction	14	12,718	3,735
Pensions Asset	41	21,960	0
Long Term Investments	16	1,908	2,270
Long Term Debtors	16	4,824	2,504
Non-Current Assets		371,986	328,750
Short Term Investments	16	20,226	28,049
Inventories		143	98
Short Term Debtors	22	11,787	13,253
Cash & Cash Equivalents	18	4,295	9,874
Current Assets		36,452	51,274
Short Term Borrowing	16	(7,898)	(8,971)
Short Term Creditors	23	(20,481)	(32,066)
Provisions	24	(1,632)	(2,024)
Current Liabilities		(30,010)	(43,062)
Long Term Creditors		0	0
Long Term Borrowing	16	(56,705)	(64,205)
Pensions Liability	41	0	(33,270)
Capital Grants Receipts in Advance	32	(8,834)	(8,185)
Long Term Liabilities		(65,539)	(105,660)
NET ASSETS		312,889	231,301
Usable Reserves	26	(44,562)	(37,188)
Unusable Reserves	27	(268,327)	(194,113)
TOTAL RESERVES		(312,889)	(231,301)

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 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.

<i>£'000</i>		2022/23	2021/22
	<i>Notes</i>		
Net (Surplus) or Deficit on Provision of Services		(3,969)	11,047
Depreciation and Amortisation	14	(11,745)	(11,199)
Revaluation and Impairment	14/15	(11,571)	(19,233)
Movement in Pension	41	3,922	(4,432)
Carrying amount of Non-current Assets sold	14	(2,731)	(2,062)
Movement in Provisions	24	393	(0)
Other non-cash movements		(355)	(216)
Capital Grants that relate to Financing	39	15,982	11,640
Movement in Creditors		12,258	(8,777)
Movement in Debtors		1,267	3,766
Movement in Provision for Bad Debt		(855)	765
Movement in Inventory		45	(13)
Net Cash generated from Operations		2,641	(18,714)
Investing activities:			
Purchase of Non-Current Assets	39	33,112	31,166
Purchase of Short and Long-term Investments		17,000	28,577
Proceeds from sale of Non-Current Assets		(2,250)	(2,839)
Proceeds from sale of Investments		(25,184)	(15,561)
Capital Grants received		(28,010)	(15,476)
Net Cash from Investing activities		(5,332)	25,867
Financing activities:			
Repayment of Borrowing	16	8,500	0
Other Financing activities		(232)	(7,635)
Net Cash from Financing activities		8,268	(7,635)
Net (increase)/decrease in Cash and Cash Equivalents		5,578	(482)
Cash and Cash Equivalents at the start of the period		9,874	9,391
Cash and Cash Equivalents at the end of the period		4,295	9,874

Notes To The Accounts

1. ACCOUNTING POLICIES

GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31st March 2023. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS).

The Statement of Accounts has been prepared on a 'going concern' basis. The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

ACCRUALS OF INCOME AND EXPENDITURE

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where considered material, where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

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 3 months or less 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.

EXCEPTIONAL ITEMS

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

PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

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

Changes in accounting policies are only made when required by proper accounting practices or when 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.

CHARGES TO REVENUE FOR NON-CURRENT ASSETS

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- Amortisation of intangible assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction of its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance of a Minimum Revenue Provision charge (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

EMPLOYEE BENEFITS

Benefits Payable During Employment

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

Termination Benefits

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

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund or Housing Revenue Account to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits – The Local Government Pension Scheme

Warwickshire County Council, the Administering Authority to the Warwickshire County Council Pension Fund instructed Hyman Robertson LLP, an independent firm of actuaries, to undertake pension expense calculations on behalf of Nuneaton & Bedworth Borough Council as at 31st March 2023.

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

- The liabilities of the Warwickshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate as determined by the actuary (based on the indicative rate of return on high quality corporate bonds).

- The assets of the Warwickshire Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Unitised securities – current bid price
 - Property managed funds – current bid price
- The change in the net pensions liability is analysed into the following components:
 - Service cost comprising:
 - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - Past service cost – the increase in liabilities as a result 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 benefit liability, i.e. net interest expense for the Council – the change during the period in the net defined 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 – 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 included in the net interest on the net defined benefit liability – 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 actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - Contributions paid to the Warwickshire Pension Fund – cash paid as employer’s contributions to the Pension Fund in settlement of liabilities; not accounted for as an expense.
- In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

- Further details of the estimation techniques and values attributed to the Pensions Liability can be found in note 41.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

EVENTS AFTER THE BALANCE SHEET DATE

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

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

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

FAIR VALUE MEASUREMENT

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as property fund investments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell 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 measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements 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.

FINANCIAL INSTRUMENTS

Financial Instruments are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument. They are mainly measured at fair value.

Financial Liabilities

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where any repurchase takes place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, 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 (up to a maximum of 10 years for the Housing Revenue Account). The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund or Housing Revenue Account 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

These 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 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 Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

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

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.

GOVERNMENT GRANTS AND CONTRIBUTIONS

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Council 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.

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, or where grants are received without conditions, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

Council Tax and Non-Domestic Rates

Nuneaton and Bedworth Borough Council is a billing authority and as such act as agents, collecting Council Tax and Non-Domestic Rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting Council Tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of Council Tax and NDR.

Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of Council Tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and Non-Domestic Rates (NDR)

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

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

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

INVESTMENT PROPERTY

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. Fair value is the amount that would be paid for the asset in its existing use calculated by projecting its annual rentals into perpetuity. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital

Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

LEASES

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

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

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

The Council as Lessee

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment.

The Council as Lessor

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

OVERHEADS AND SUPPORT SERVICES

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2022/23 (SeRCOP)*. 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.

PROPERTY, PLANT AND EQUIPMENT

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

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. De minimis levels of £5,000 for the General Fund and £10,000 for the Housing Revenue Account have been set as the materiality level for assets to be included in the Balance Sheet. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

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 initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

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

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- 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.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Gains may be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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

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

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

Impairment

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

Where impairment losses are identified, they are accounted for as follows:

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

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

Depreciation

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

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer. The depreciable value is deemed to be the total asset valuation less the value of the land.
- vehicles, plant, furniture and equipment – vehicles are depreciated on a straight-line basis to a residual resale value over a period of 5 to 7 years, computer hardware is depreciated over a period of 5 years on a straight-line basis to a nil residual value and other equipment is depreciated on a straight-line basis to a residual value over periods up to 10 years.

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.

Component Accounting

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

It is the policy of this Council to consider assets for componentisation when their value is more than £500,000 and they have either been revalued or have incurred capital expenditure in the financial year. Individual components will be created where their value is more than 20% of the total value of the asset and has a depreciable life materially different from the main asset.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve and can only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund or Housing Revenue Account in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council Tax or housing rents, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund or Housing Revenue Account in the Movement in Reserves Statement.

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions

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

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

RESERVES

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund or Housing Revenue Account in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year

and therefore impacts the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then reduced accordingly so that there is no net charge against Council Tax or housing rent for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies. Details can be found in note 27.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund or Housing Revenue Account to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax or housing rent.

VAT

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

2. ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

The CIPFA Code of Practice on Local Authority Accounting in the UK requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

At the Balance Sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code.

- a) IFRS 16, implementation of which has been deferred to the 2022/23 Code and will apply from 1 April 2022 on a voluntary basis.

The Council will be implementing IFRS 16 from 2024/25.

These changes are not expected to have a material impact on the Council's financial statements.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

- Under the Business Rates Retention Arrangements 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. The Council has included a provision of £1.63m (£2.94m in 2021/22), which is a 40% share of the overall provision in the Business Rates Collection Fund of £4.08m (£5.03m in 2021/22).

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates take into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's Balance Sheet at 31st March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are detailed in the following table:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Depreciation of Property, Plant & Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance carried out on individual assets. The current economic climate reduces the certainty that the Council will be able to sustain its current spending on repairs and maintenance bringing into doubt the useful lives assigned to assets.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount on the asset falls.</p> <p>It is estimated that the annual depreciation charge for assets would increase by approximately £462k for every year that useful lives had to be reduced.</p>
Valuation of Property, Plant & Equipment and Investment Property	Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate the value of its non-current assets.	<p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the CIES.</p> <p>An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous downward revaluations to the CIES and / or gains being recorded as appropriate in the CIES.</p> <p>Depreciation charges for operational buildings will change in direct relation to changes in estimated current value.</p>

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Provision – Business Rates Appeals	<p>The Council has made a provision in the Collection Fund of £7.34m (of which 40% is a liability for Nuneaton and Bedworth. It is based on an estimate of the success rate of the total appeals outstanding, including the backdated element.</p>	<p>A 10% increase in successful appeals above the estimated provision would increase the overall liability in the Collection Fund by approximately £734k. However, each appeal is of different value and has a different backdated element and one large appeal being successful could significantly increase the liability.</p>
Arrears	<p>At 31st March 2022, the total arrears from sundry debts stood at £1.58m. The outstanding debts are reviewed each year and a provision for bad debts is made, dependent on the age of the debt and if an arrangement is in place. However, this is only an estimate based on previous experience and the amount provided for may not be sufficient, particularly in the current economic climate.</p> <p>The ongoing economic impact of Covid-19 has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts.</p>	<p>If collection rates were to deteriorate, the provision included in the accounts would need to increase. As different categories of provision are used depending on the type and age of debt, it is not possible to estimate how much the provision may need to increase by. However, the total provision at 31st March 2022 is £364k and so a 25% increase would lead to additional provision of £91k.</p>

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	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. Consulting actuaries are engaged to provide the Council with expert advice about the assumptions to be applied. The assumptions used can be found in note 41.	<p>A 0.1% decrease in the Real Discount Rate used would increase the scheme liabilities by approximately £4.32m (2%)</p> <p>A one year increase in member life expectancy would increase the scheme liabilities by £9.72m (4%)</p> <p>A 0.1% increase in the Salary Increase Rate would increase the scheme liabilities by approximately £0.40m (0%)</p> <p>A 0.1% increase in the Pension Increase Rate (CPI) would increase the scheme liabilities by approximately £3.89m (2%)</p>

5. MATERIAL ITEMS OF INCOME AND EXPENSE

When items of income or expenditure are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance. This note identifies material items and for the purpose of this note the Council considers material items to be those greater than £1.5m.

During the year, the Council continued to process a large number of additional payments and received additional funding in relation to Covid-19 support. The Narrative Report contains more information on these payments. Of the total payments made £3.313m were processed where the Council acted as principal and therefore these are reflected within the Finance and Corporate portfolio of the Comprehensive Income and Expenditure Statement. This spend was matched by a corresponding grant income amount as provided by BEIS to ensure no detrimental impact on the Council's finances.

Additionally, a £59.1m gain has been realised as a result of the remeasurement of the net defined benefit pension liability as at 31st March 2023 (in Other Comprehensive Income and Expenditure on the Comprehensive Income and Expenditure Statement). As at 31st March 2022, the Council had faced a £34.5m remeasurement gain.

6. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was originally authorised for issue by the Strategic Director – Finance and Governance on 9th October 2024. Events taking place after this date are not reflected in the financial statements or notes.

There are no known events after 31st March 2023 and before the authorised issue date.

7. EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis takes the net expenditure that is chargeable to taxation and rents and reconciles it to the CIES. The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rent payers how the funding available to the Council (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by councils in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis 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 CIES.

£'000	2022/23			2021/22		
	Net Expenditure Chargeable to the General Fund & HRA (Note 7a)	Adjustments between the Funding & Accounting Basis (Note 7b)	Net Expenditure in the CIES	Net Expenditure Chargeable to the General Fund & HRA (Note 7a)	Adjustments between the Funding & Accounting Basis (Note 7b)	Net Expenditure in the CIES
Business & Regeneration	1,132	432	1,564	1,446	413	1,859
Finance & Corporate	5,086	1,985	7,071	4,116	1,825	5,941
Health & Environment	2,877	147	3,025	2,455	359	2,814
Housing & Communities	1,429	6,018	7,447	1,277	4,718	5,996
Housing Revenue Account	(156)	12,965	12,808	(913)	13,603	12,690
Planning & Regulation	658	(10)	648	426	390	816
Public Services	6,245	1,824	8,069	5,867	2,421	8,289
Net Cost of Services	17,271	23,362	40,633	14,675	23,730	38,405
Other Income & Expenditure	(12,636)	(31,966)	(44,602)	(11,249)	(16,108)	(27,357)
Surplus or Deficit	4,635	(8,604)	(3,969)	3,426	7,621	11,047
Opening General Fund & HRA Balances	(26,970)			(30,397)		
Less/ Plus Surplus or (Deficit) on General Fund and HRA Balance in Year	4,635			3,426		
Closing General Fund & HRA Balance in Year	(22,335)			(26,970)		

7a Reconciliation of amounts reported to management and the amounts chargeable to General Fund and HRA balances

2022/23						
	Amounts as Reported for Resources Management	Removal of Depreciation reported at Portfolio Level	Removal of Earmarked Reserve Movements as not chargeable to Balances	Other Amounts Transferred between Net Cost of Services and Other Income & Expenditure per CIPFA Code	Net Expenditure Chargeable to the General Fund & HRA per the EFA	
£'000						
Business & Regeneration	1,117	(242)	254	3	1,132	
Finance & Corporate	4,254	(328)	217	943	5,086	
Health & Environment	2,851	(87)	114	-	2,877	
Housing & Communities	1,346	(146)	229	-	1,429	
Housing Revenue Account	1,794	-	-	(1,950)	(156)	
Planning & Regulation	(563)	-	82	1,139	658	
Public Services	7,678	(1,456)	22	-	6,245	
Net Cost of Services	18,476	(2,258)	917	135	17,270	
Other Income & Expenditure	(16,868)	2,258	2,109	(135)	(12,636)	
(Surplus) or Deficit	1,607	-	3,027	-	4,634	

2021/22						
	Amounts as Reported for Resources Management	Removal of Depreciation reported at Portfolio Level	Removal of Earmarked Reserve Movements as not chargeable to Balances	Other Amounts Transferred between Net Cost of Services and Other Income & Expenditure per CIPFA Code	Net Expenditure Chargeable to the General Fund & HRA per the EFA	
£'000						
Business & Regeneration	1,664	(254)	39	(2)	1,446	
Finance & Corporate	4,142	(3)	-	(22)	4,116	
Health & Environment	2,645	(134)	(56)	-	2,455	
Housing & Communities	1,688	(167)	(244)	-	1,277	
Housing Revenue Account	2,223	-	(1,228)	(1,908)	(913)	
Planning & Regulation	(621)	-	(21)	1,067	426	
Public Services	7,834	(1,556)	(410)	-	5,867	
Net Cost of Services	19,575	(2,114)	(1,920)	(865)	14,675	
Other Income & Expenditure	(17,935)	2,114	3,706	865	(11,249)	
(Surplus) or Deficit	1,640	-	1,786	-	3,426	

7b – Adjustments between accounting and funding basis

<u>2022/23</u>		Net Changes		Adjustments
	Adjustments	for the	Other	Between Funding
£'000	for Capital	Pension	Adjustments	& Accounting
	Purposes	Adjustment		Basis
Business & Regeneration	322	74	35	432
Finance & Corporate	429	1,486	70	1,985
Health & Environment	75	72	0	147
Housing & Communities	5,987	127	(95)	6,018
Housing Revenue Account	12,414	567	(16)	12,965
Planning & Regulation	(6)	36	(40)	(10)
Public Services	1,362	456	6	1,824
Net Cost of Services	20,583	2,818	(39)	23,362
Other Income & Expenditure	(30,806)	1,104	(2,264)	(31,966)
Total Adjustment	(10,223)	3,922	(2,303)	(8,604)

<u>2021/22</u>		Net Changes		Adjustments
	Adjustments	for the	Other	Between Funding
£'000	for Capital	Pension	Adjustments	& Accounting
	Purposes	Adjustment		Basis
Business & Regeneration	352	74	(13)	413
Finance & Corporate	575	1,470	(221)	1,825
Health & Environment	307	67	(16)	359
Housing & Communities	4,582	177	(40)	4,718
Housing Revenue Account	12,994	677	(67)	13,603
Planning & Regulation	380	38	(28)	390
Public Services	1,991	458	(28)	2,421
Net Cost of Services	21,182	2,961	(413)	23,730
Other Income & Expenditure	(12,531)	1,471	(5,049)	(16,108)
Total Adjustment	8,651	4,432	(5,462)	7,621

Adjustments for Capital Purposes – this column adds in depreciation and impairment and revaluation gains and losses in the service line and within other income and expenditure the adjustments are for:

- capital disposals with a transfer of the income on disposal of those assets
- statutory charge for capital financing (i.e. Minimum Revenue Provision)
- capital grants are adjusted for income not chargeable under generally accepted accounting practices.

Net Changes for Pension Adjustment – within services the adjustment represents the removal of the employer pension contributions and is replaced with current service costs and past service costs. Within Other Income and Expenditure, the adjustments are for the net interest on the defined liability.

Other Adjustments – These represent employee benefits adjustments within the services. The adjustments in Other Income and Expenditure are for the premiums and discounts chargeable in relation to debt repaid early and the difference between what is chargeable under statutory regulations for council tax and NNDR that was predicted to be received at the start of the year and the income recognised under generally accepted accounting practices. This latter adjustment is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

7c – Segmental Income

Income received on a segmental basis is analysed in the following table:

<i>£'000</i>	<i>2022/23</i>	<i>2021/22</i>
Income from Services:		
Business & Regeneration	(1,743)	(1,332)
Finance & Corporate	(438)	(736)
Health & Environment	(481)	(569)
Housing & Communities	(1,775)	(1,468)
Housing Revenue Account	(27,070)	(25,737)
Planning & Regulation	(1,207)	(2,649)
Public Services	(3,067)	(3,046)
Total	(35,782)	(35,537)

8. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

<i>£'000</i>	2022/23	2021/22
Employee benefit expenses	23,804	22,078
Housing Benefit payments	24,922	25,727
Other service expenses	29,575	26,914
Depreciation, amortisation, impairment & revaluations	23,316	30,437
Interest payments	3,447	3,605
Precepts and levies	9,409	10,591
Payments to the Housing Capital Receipts Pool	0	584
Loss on Disposal of Assets	743	886
Total Expenditure	115,217	120,822
Fees, charges and other service income	(38,327)	(36,976)
Interest and investment income	(1,081)	(661)
Income from Council Tax, Non Domestic Rates	(24,814)	(12,525)
Government Grants (Housing Benefit)	(23,310)	(23,868)
Other grants and contributions	(31,653)	(35,745)
Gain on Disposal of Assets	0	0
Total Income	(119,186)	(109,774)
(Surplus)/ Deficit on the Provision of Services	(3,969)	11,047

9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

2022/23	Usable Reserves					Total
£000s	General Fund	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions costs (transferred to/from Pensions Reserve)	(3,133)	(789)	-	-	-	(3,922)
Financial instruments (transferred to/from Financial Instruments Adjustments Account)	21	-	-	-	-	21
Council Tax and NDR (transferred to/from Collection Fund Adjustment Account)	2,623	-	-	-	-	2,623
Holiday Pay (transferred to/from Accumulated Absences Reserve)	(18)	(3)	-	-	-	(20)
Reversal of entries included in Surplus/Deficit on the Provision of Services relating to capital expenditure (these items are charged to the Capital Adjustment Account)	1,948	(22,627)	-	-	-	(20,679)
Reversal of entries included in Surplus/Deficit on the Provision of Services relating to the movement in fair value in investments classified as Fair Value through Profit & Loss	(362)	-	-	-	-	(362)
Total Adjustments to Revenue Resources	1,080	(23,419)	-	-	-	(22,339)
Transfer of non-current asset sale proceeds to the Capital Receipts Reserve	103	2,127	(2,230)	-	-	-
Transfer of capital grants to the Capital Grants Unapplied Reserve	15,503	-	-	-	(15,503)	-
Posting of HRA resources to the Major Repairs Reserve	-	9,413	-	(9,413)	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	536	-	-	-	-	536
Capital expenditure financed from revenue (transfer to the Capital Adjustment Account)	947	2,314	-	-	-	3,261
Total Adjustments between Revenue and Capital Resources	17,090	13,854	(2,230)	(9,413)	(15,503)	3,797
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	1,303	-	-	1,303
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	9,413	-	9,413
Application of capital grants to finance capital expenditure	-	-	-	-	4,421	4,421
Total Adjustments to Capital Resources	-	-	1,303	9,413	4,421	15,136
TOTAL ADJUSTMENTS	18,169	(9,565)	(927)	(0)	(11,083)	(3,406)

2021/22

£000s

	General Fund	Housing Revenue Account	Usable Reserves Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total
Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions costs (transferred to/from Pensions Reserve)	(3,475)	(957)	-	-	-	(4,432)
Financial instruments (transferred to/from Financial Instruments Adjustments Account)	21	-	-	-	-	21
Council Tax and NDR (transferred to/from Collection Fund Adjustment Account)	3,790	-	-	-	-	3,790
Holiday Pay (transferred to/from Accumulated Absences Reserve)	179	67	-	-	-	246
Reversal of entries included in the Surplus/Deficit on the Provision of Services relating to capital expenditure (these items are charged to the Capital Adjustment Account)	3,184	(27,653)	-	-	(14,665)	(39,134)
Reversal of entries included in the Surplus/Deficit on the Provision of Services relating to the movement in fair value in investments classified as Fair Value through Profit & Loss	327	-	-	-	-	327
Total Adjustments to Revenue Resources	4,026	(28,543)	-	-	(14,665)	(39,182)
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	230	2,415	(2,645)	-	-	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(584)	-	584	-	-	-
Posting of HRA resources from revenue to the Major Repairs Reserve	-	10,744	-	(10,744)	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	478	-	-	-	-	478
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,978	1,637	-	-	-	3,615
Total Adjustments between Revenue and Capital Resources	2,101	14,796	(2,060)	(10,744)	-	4,093
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	3,660	-	-	3,660
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	10,292	-	10,292
Application of capital grants to finance capital expenditure	-	-	-	-	11,640	11,640
Cash payments in relation to deferred capital receipts	-	-	-	-	-	-
Total Adjustments to Capital Resources	-	-	3,660	10,292	11,640	25,592
TOTAL ADJUSTMENTS	6,127	(13,748)	1,600	(452)	(3,025)	(9,497)

Below is a description of each of the reserves that the adjustments are made against:

General Fund Balance

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

Housing Revenue Account Balance

The Housing Revenue Account 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.

Major Repairs Reserve

The Council is required to maintain a 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 historic 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 historic 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 Reserve 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 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.

10. EARMARKED RESERVES

This note summarises the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans.

<i>£'000</i>	2022/23	2021/22
General Fund Earmarked Reserves		
Risk Based Reserves	5,746	5,611
General Revenue Reserves	3,228	3,989
Capital Earmarked Reserves	2,613	2,585
Financial Planning Reserve	810	599
Collection Fund Timing	387	3,064
Total General Fund	12,783	15,848
Housing Revenue Account Earmarked Reserves		
Risk Based Reserves	350	350
General Revenue Reserves	1,187	1,609
Capital Earmarked Reserves	3,773	3,332
Total Housing Revenue Account	5,311	5,291

11. OTHER OPERATING EXPENDITURE

<i>£'000</i>	2022/23	2021/22
Payments to the Government Housing Capital Receipts Pool	0	584
(Gains)/ losses on the disposal of non-current assets	743	886
Total	743	1,470

12. FINANCING AND INVESTING INCOME AND EXPENDITURE

A breakdown of total income and expenditure in relation to investment properties, which includes gains or losses on revaluation, can be found in note 15 to the accounts.

<i>£'000</i>	2022/23	2021/22
Interest payable & similar charges	2,343	2,307
Net interest on the net defined benefit pension liability	1,104	1,298
Interest receivable and similar income	(1,081)	(661)
Income & expenditure in relation to investment properties and changes in their fair value	(4,225)	1,710
Total	(1,859)	4,654

13. TAXATION AND NON-SPECIFIC GRANT INCOME

£000	2022/23	2021/22
Council Tax income	(9,625)	(9,414)
Non Domestic Rates:		
Billing authority share of income	(12,654)	(13,702)
Tariff payment	9,415	9,414
Levy and Pooling	334	1,177
Section 31 Grants from Central Government	(2,873)	(4,190)
Non-ringfenced government grants:		
MHCLG - Covid Support	-	(1,241)
New Homes Bonus	(645)	(851)
Disabled Facilities Grant	(1,609)	(1,652)
Other	(423)	(8)
Ringfenced government grants:		
Towns Fund	(6,367)	(1,161)
Green Homes	(882)	(976)
Levelling Up Fund	(3,842)	-
Homes England	-	(188)
Other Local Authorities	(3,875)	(791)
Local Authority Contributions for HEART	(3,205)	(2,669)
Future High Street Fund	(6,724)	(6,607)
Other Capital grants & contributions	(561)	(620)
Total	(43,538)	(33,481)

14. PROPERTY, PLANT AND EQUIPMENT

<i>£000</i>	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
Cost or Valuation								
At 1 April 2022	241,857	46,291	13,738	2,171	127	1,191	5,592	310,967
Additions	15,268	238	491	72	8	-	8,982	25,060
Accumulated Depreciation and Impairment to Gross Carrying Amount	(9,044)	(446)	-	-	-	-	-	(9,490)
Revaluation increases / (decreases) recognised in the Revaluation Reserve	16,223	2,295	-	-	-	-	-	18,517
Revaluation increases / (decreases) recognised in the Surplus/Deficit on Provision of Services	(14,708)	183	-	-	-	-	-	(14,525)
Derecognition - disposals	(1,567)	(78)	(1,255)	-	-	(1,191)	(1,856)	(5,946)
Assets reclassified (to) / from Investment Properties	-	(17)	-	-	(22)	-	-	(39)
As at March 2023	248,028	48,466	12,974	2,243	114	0	12,718	324,543
Accumulated Depreciation & Impairment								
At 1 April 2022	-	(3,464)	(11,276)	(1,125)	(48)	-	-	(15,912)
Depreciation charge	(9,074)	(1,430)	(768)	(55)	-	-	-	(11,327)
Accumulated Depreciation written off to Gross Carrying Amount	9,044	300	-	-	-	-	-	9,345
Impairment written off to Gross Carrying Amount	-	145	-	-	-	-	-	145
Impairment losses recognised in the Revaluation Reserve	-	(51)	-	-	-	-	-	(51)
Impairment losses recognised in Surplus/Deficit on the Provision of Services	-	(101)	-	-	(8)	-	-	(109)
Derecognition - disposals	30	78	1,251	-	-	-	-	1,358
At 31 March 2023	0	(4,522)	(10,793)	(1,180)	(56)	-	-	(16,551)
Net Book Value								
at 31 March 2022	241,858	42,825	2,463	1,047	80	1,191	3,735	293,199
at 31 March 2023	248,028	43,944	2,181	1,063	57	0	12,718	307,992

Comparative Movements in 2021/22:

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
<i>£000</i>								
Cost or Valuation								
at 1 April 2021	224,708	45,663	13,364	5,020	126	-	1,889	290,770
Additions	18,070	143	840	277	-	-	1,846	21,176
Accumulated Depreciation and Impairment to Gross Carrying Amount	(8,398)	(355)	-	-	-	-	-	(8,753)
Revaluation increases / (decreases) recognised in the Revaluation Reserve	26,681	872	-	-	2	212	-	27,767
Revaluation increases / (decreases) recognised in the Surplus / Deficit on Provision of Services	(16,600)	50	-	-	-	-	-	(16,550)
Derecognition - disposals	(2,603)	(83)	(466)	(3,126)	-	-	-	(6,278)
Assets reclassified (to) / from Investment Properties	-	-	-	(870)	-	979	-	109
At 31 March 2022	241,858	46,290	13,738	1,301	128	1,191	3,735	308,241
Accumulated Depreciation & Impairment								
At 1 April 2021	-	(2,288)	(10,722)	(3,982)	(48)	-	-	(17,040)
Depreciation charge	(8,433)	(1,441)	(931)	(55)	-	-	-	(10,860)
Accumulated Depreciation written off to Gross Carrying Amount	8,398	355	-	-	-	-	-	8,753
Impairment losses recognised in the Revaluation Reserve	-	(38)	-	-	-	-	-	(38)
Impairment losses recognised in Surplus/Deficit on the Provision of Services	-	(72)	-	-	-	-	-	(72)
Derecognition - disposals	35	19	378	3,783	-	-	-	4,215
at 31 March 2022	-	(3,465)	(11,275)	(254)	(48)	-	-	(15,042)
Net Book Value								
at 31 March 2021	224,708	43,375	2,642	1,037	78	0	1,889	273,729
at 31 March 2022	241,858	42,825	2,463	1,047	80	1,191	3,735	293,199

Depreciation

The following useful lives, as determined by the valuer, have been used in the calculation of depreciation on a straight-line basis:

Council Dwellings:	20 to 60 years
Other Land and Buildings:	10 to 50 years
Vehicles, Plant Furniture and Equipment:	5 to 10 years
Infrastructure:	25 to 50 years

Revaluations

The Council has a rolling programme of valuations that ensures that all Property, Plant and Equipment measured at current value is revalued at least every 5 years.

All of the council housing stock has been revalued as at 31st March 2023 by an external valuer (Savills).

Various other assets within Land and Buildings have been revalued by the Council's internal valuers and the District Valuer. These include HRA garages and shops, car parks, caravan sites, allotments, Civic Hall, some leisure facilities, Council Depot, the Town Hall and Eaton House (previously Council House).

Valuations of assets were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). All valuations have been undertaken by a RICS qualified valuer.

The effective date of all revaluations was 31st March 2023.

The significant assumptions applied in estimating the fair values are:

- The current value of dwellings, land and buildings are determined either by reference to observable prices in an active market or by other valuation techniques (e.g. capitalisation of income streams).
- Vehicles, plant and equipment are capitalised at cost in the year of purchase and then held at historic cost in subsequent years due to the short life nature of the asset.

The effective date of valuations for assets held by the Council is analysed in the following table:

<i>£000</i>	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Total
Carried at historical cost	0	5,757	12,974	18,731
Current value for Dwellings and OLB:				
2022/23	248,028	14,214		262,243
2021/22	0	3,328		3,328
2020/21	0	25,167	0	25,167
2019/20	0	0	0	0
Total Cost or Valuation	248,028	48,466	12,974	309,469

15. INVESTMENT PROPERTIES

Fair Value Hierarchy

Details of the Council's investment properties and information about the fair value hierarchy as at 31st March 2023 are as follows:

<i>£000</i>	Other significant observable inputs (Level 2)	
	2022/23	2021/22
Fair value of Investment Properties:		
Office accommodation	1,332	1,960
Retail units	16,537	15,929
Industrial	3,004	3,187
Residential	723	1,007
Utilised by NABCEL	7,842	4,415
Other	1,572	2,008
Balance at 31 March	31,010	28,506

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

There have been no transfers between any of the fair value hierarchy levels during the year.

The fair value for the investment properties at Level 2 is based on the market approach using current market conditions and inputs such as sales, rentals and yields in respect of comparable properties in the same or similar locations at or around the valuation date.

In estimating the fair value of the investment properties, the highest and best use of the properties is their current use. There has been no change in the valuation techniques used during the year for investment properties.

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out internally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS).

Amounts reflected in the CIES

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the CIES:

£000	2022/23	2021/22
Rental income from investment property	(1,550)	(1,549)
Other income	(62)	(85)
Operating expenses arising from investment property	463	578
Net (gain) / loss	(1,149)	(1,056)

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

Movement in the Fair Value of Investment Property

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

£000	2022/23
Balance at 1 April	28,506
Additions:	
Purchases	1,699
Subsequent expenditure	0
Disposals	(276)
Net gains / (losses) from fair value adjustment reflected in Comprehensive Income & Expenditure	3,063
Transfers:	
to / (from) Property, Plant & Equipment	39
Balance at 31 March	33,031

16. FINANCIAL INSTRUMENTS

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

Financial Assets & Liabilities

£000	Non-Current		Current	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Investments				
Amortised Cost	0	0	26,049	28,049
Fair Value through Profit and Loss	0	2,193	0	0
Total Investments	0	2,193	26,049	28,049
Debtors				
Loans and receivables at amortised cost	2,806	724	11,600	8,338
Debtors that are not financial instruments	0	0	1,653	4,915
Total Debtors	2,806	724	13,253	13,253
Cash & Cash Equivalents (CCE)	0	0	7,762	9,874
Total Financial Assets	5,612	3,641	60,317	64,429
Borrowings				
Loans at amortised cost	(56,705)	(64,205)	(7,574)	(471)
Creditors				
Creditors carried at contract amounts	0	0	(27,301)	(30,934)
Creditors that are not financial instruments	0	0	(4,765)	(1,132)
Total Creditors	0	0	(32,066)	(32,066)
Total Financial Liabilities	(56,705)	(64,205)	(39,640)	(32,537)

Gains and Losses

The gains and losses recognised in the CIES in relation to financial instruments are made up as follows:

£000	(Surplus) or Deficit on the Provision of Services 2022/23	(Surplus) or Deficit on the Provision of Services 2021/22
Net (Gains)/Losses on:		
Financial assets measured as fair value through profit of loss	(193)	(327)
Total Net (Gains)/Losses	(193)	(327)
Interest Revenue:		
Financial assets measured at amortised cost	958	(92)
Other financial assets measured at fair value	204	(71)
Dividend income	(94)	(141)
Total Interest Revenue	1,069	(304)
Interest Expense	2,214	2,307

Fair Value of Financial Assets

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

<i>£000</i>	As at 31 March 23	As at 31 March 22
Available for Sale:		
Property Fund		
Level 1 - Unadjusted quoted prices in active markets for identical shares	1,832	2,193
	1,832	2,193

Except for the financial assets carried at fair value (described above), all other financial assets and liabilities, represented by amortised cost and long-term debtors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments (Level 2) using the following assumptions:

- For loans from the Public Works Loans Board (PWLB) payable, new borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For non-PWLB loans payable, PWLB prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the carrying amount is assumed to approximate to fair value;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated for financial liabilities carried at amortised cost are as follows:

<i>£'000</i>	31 March 23		31 March 22	
	Carrying amount	Fair Value	Carrying amount	Fair Value
PWLB debt	(62,602)	(60,624)	(71,152)	(74,902)
Non-PWLB debt	(2,000)	(1,902)	(2,024)	(3,011)
Short-term creditors	(21,848)	(21,848)	(32,067)	(32,067)
Total Financial Instrument Liabilities	(86,451)	(84,374)	(105,242)	(109,980)

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes several fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at balance sheet date. This shows a notional future loss (based upon economic conditions at 31st March 2023) arising from a commitment to pay interest to lenders above current market rates. An alternative method of calculating fair value is to apply early repayment rates instead of new borrowing rates from the PWLB. If this method of calculating fair value had been applied, then the fair value of the liabilities would increase from £84.374m (as quoted above) to £87.043m.

The fair values calculated for financial assets carried at amortised cost are as follows:

£000	31 March 23		31 March 22	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Cash & cash equivalents	7,762	7,762	9,874	9,874
Short-term investments	26,260	26,260	28,049	28,049
Short-term debtors	11,600	11,600	8,338	8,338
Long-term debtors	2,806	2,806	724	724
Total assets	48,428	48,428	46,986	46,986

The fair value of all short-term assets is equal to the carrying amount as the majority of the assets held are short-term in nature and therefore the carrying amount is deemed to be the fair value of the asset.

17. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council's activities generate exposure to a variety of financial risks. The key risks are:

- **Credit risk** – the possibility that other parties might fail to pay amounts due to the Council;
- **Liquidity risk** – the possibility that the Council might not have funds available to meet commitments to make payments;
- **Re-financing risk** – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- **Market risk** – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements and foreign exchange rates.

Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution;
- 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.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update. Quarterly performance reports are also submitted to the Audit and Standards Committee.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council in February 2023 and is available on the Council website. The key issues within the strategy were:

- The Authorised Limit for 2022/23 was £192.76m. This is the maximum limit of external borrowings or other long-term liabilities;
- The Operational Boundary was set at £172.76m. The Operational Boundary is the expected level of debt and other long-term liabilities during the year,
- The maximum amounts invested at any one time in any institution or financial group was set at £10m for part nationalised banks and higher rated banks or building societies with a lower £8m limit set for other institutions, subject to meeting creditworthiness criteria;
- The maximum exposures to the maturity structure of debt were set and are detailed within this note.

These policies are implemented by a central treasury team. The Council maintains written principles for overall risk management, as well as written policies (Treasury Management Practices) covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after these initial criteria are applied. Details of the Investment Strategy can be found on the Council's website.

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

- credit watches and credit outlooks from credit rating agencies;
- credit default swap price spreads against a benchmark to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

The Council's maximum exposure to credit risk in relation to its investments and cash held in banks, building societies and managed funds of £22.82m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31st March 2023 that this was likely to crystallise.

Amounts Arising from Expected Credit Losses

Credit Risk Exposure

The Council has assessed short-term and long-term investments held and has concluded that the expected credit loss is not material and therefore no allowances have been made.

A summary of the credit quality of the Council's investments as at 31st March 2023 is shown below, along with the potential maximum exposure to credit risk, based on experience of default and collectability:

	Amount at 31 March 23 £000 A	Historical experience of default % B	Historical experience adjusted for market conditions at 31 March 23 % C	Estimated maximum exposure to default and uncollectability at 31 March 23 £000 (A x C)	Estimated maximum exposure at 31 March 22 £000
Investments:					
A Rated	20,000	0.05%	0.05%	10	-
Property Fund	2,000			-	-
Cash & Cash Equivalents:					
AAA Rated	2,000	0.04%	0.04%	1	-
A Rated	3,000	0.05%	0.05%	2	-
Customers	4,610	10.43%	10.43%	481	634
				493	634

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council does not generally allow credit for its customers, such that £4.038m of the £4.610m balance is past the due date for repayment. The past due amount can be analysed by age as follows:

£'000	2022/23	2021/22
Less than three months	572	322
Three to six months	1,373	268
Six months to one year	216	352
More than one year	2,449	633
	4,610	1,326

Liquidity Risk

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

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

Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

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

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure that 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 external borrowing and the borrowing rates are as follows:

	31 March 23		31 March 22	
	Average Rate	Amount	Average Rate	Amount
	%	£000	%	£000
PWLB	3.20%	70,705	3.15%	70,705
Other Lenders	4.10%	2,000	4.10%	2,000
	3.22%	72,705	3.17%	72,705
Less than one year	2.63%	7,500	2.79%	8,500
Maturing in 1-2 years	2.76%	10,000	2.63%	7,500
Maturing in 2-5 years	3.24%	34,750	3.01%	32,000
Maturing in 5-10 years	3.13%	3,955	3.36%	16,705
Maturing in 10-15 years	4.46%	4,000	4.28%	1,000
Maturing in over 15 years	4.24%	4,000	4.36%	7,000
	3.22%	72,705	3.17%	72,705

The maturity analysis of the external borrowing and the approved maximum levels as approved in the Treasury Management Strategy are shown below:

	31 March 23		31 March 22	
	Maximum Exposure Allowable	Maximum Exposure at year end	Maximum Exposure Allowable	Maximum Exposure at year end
less than one year	20%	10%	20%	12%
Maturing in 1-2 years	25%	14%	25%	10%
Maturing in 2-5 years	50%	48%	50%	44%
Maturing in 5-10 years	75%	5%	75%	23%
Maturing in over 10 years	100%	11%	100%	11%

Market Risk

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

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

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. 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 (i.e. HRA).

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

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	(189)
Net Impact on Surplus or Deficit on the Provision of Services	(189)
Decrease in fair value of fixed rate borrowings	5,796

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

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

However, it does have holdings in a property fund managed by CCLA. Whilst these holdings are generally illiquid, the Council is exposed to losses arising from movements in the value of the shares. However, the Department for Levelling Up, Housing and Communities (DLUHC) has introduced a statutory over-ride to protect the General Fund balance from any fluctuations in fair value movements in quoted investment funds. In the Council's case this relates to its investments in the CCLA Property Fund. This over-ride expires on 31st March 2025 and unless extended, all fair value movements will then impact the General Fund balance.

18. CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents comprises the following elements:

£000	2022/23	2021/22
Bank current accounts	(739)	1,374
Short-term deposits	5,034	8,500
Total Cash and Cash Equivalents	4,295	9,874

19. DEBTORS

£000	2022/23	2021/22
Amounts due within one year (net of impairment):		
Central Government bodies:		
Ministry for Housing, Communities & Local Government	40	40
Department for Works & Pensions	1,184	1,896
HM Revenue & Customs	886	1,066
Other Government Departments	506	525
Other Local Authorities	3,047	2,129
Housing Tenants	767	1,121
Council Tax Arrears	357	434
Non-Domestic Rates Arrears	316	407
Other	3,675	4,873
Payments in Advance	1,008	763
Total	11,787	13,254

Debtor balances are shown net of any allowance held for bad or doubtful debts. For 2022/23 the total impairment allowance across all debt types was £5.61m (£4.85m for 2021/22).

Local Taxation

The amounts included in the above table for local taxation (council tax and non-domestic rates) are net of impairment allowances. The past due but not impaired amounts for Nuneaton and Bedworth Borough Council's proportion of local taxation can be analysed by age as follows:

£000	2022/23	2021/22
Council Tax:		
Less than 1 year	346	289
1 - 2 years	167	144
2 - 5 years	267	266
more than 5 years	181	167
	961	866
Non-Domestic Rates:		
Less than 1 year	139	365
1 - 2 years	85	160
2 - 5 years	168	169
more than 5 years	165	169
	557	863

20. CREDITORS

£'000	2022/23	2021/22
Department for Levelling Up, Housing and Communities	(3,134)	(16,050)
HM Revenue and Customs	(431)	(405)
Other Government Departments	(896)	(8,062)
Other Local Authorities	(1,840)	(555)
Other entities and individuals	(14,180)	(6,994)
Total	(20,481)	(32,066)

21. PROVISIONS

£000	Business Rate Appeals	
	Business Rate Appeals	Total
Balance at 1 April 22	(2,011)	(2,011)
Provisions made in year	(351)	(351)
Amounts used in year	730	730
Balance at end of 31 March 23	(1,632)	(1,632)

Business Rate Appeals: Localisation of Business Rates came into effect from 1st April 2013 and means that local authorities retain a proportion of the business rates they collect in their area. The Council retains 40% of income, Warwickshire County Council 10% and Central Government 50%. This also means that local authorities share the risk from fluctuations in business rates, and the most significant source of volatility is appeals against rateable value. The Valuation Office is responsible for revaluing properties, the most recent being in 2017 which came into effect at 1st April 2017. Businesses can appeal this valuation and if successful the refund will be backdated to the last rating list. The Council has a significant volume of outstanding appeals (some dating back to 2010) and this remains high in number whilst the Valuation Office prioritised their resources on the latest 2017 revaluation. An estimate has been made of the total value of outstanding appeals and included in the Collection Fund to be apportioned across the three bodies. The 40% proportion for the Council is reflected in this note.

22. CONTINGENT ASSETS AND LIABILITIES

Contingent Assets:

Business Rates Pool – Local Volatility Fund: The Council is part of a Business Rates pool with Coventry, Warwickshire and all other Warwickshire districts. The Memorandum of Understanding for the Pool allocates 25% of the benefit of being in the pool to be set aside in a Local Volatility Fund. This is to provide protection for pool members from decreases in Business Rates income. The Local Volatility Fund is held by Warwickshire County Council as the lead authority and a memo account is maintained for each authority. As at the end of March 2023, Nuneaton and Bedworth Borough Council held £305k within the Fund (£302k in 2021/22). This sum would be released to the Council if Business Rates income fell by more than 5% of the baseline funding level, if the Council left the pool, or if the pool dissolved.

Contingent Liabilities:

Business Rates Retention: With effect from 1st April 2013, local government funding changed significantly, with local authorities retaining a proportion of the Business Rates generated in their area.

Business Rates retention also means that local authorities will assume the liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list.

The Valuation Office deals with appeals against Business Rates – the local authority has no control over the decision or the timing. The latest information from the Valuation Office detailing appeals outstanding has been assessed.

It is not possible to reliably estimate how many appeals will be successful and what proportion of the rateable value will be affected. The timing of decisions and any resulting interest due as payable are also unknown. The financial impact of any successful appeals will be split across Nuneaton and Bedworth Council, Warwickshire County Council and Central Government in proportion to the local and central shares of Business Rates (40%:10%:50% respectively).

For the purposes of the Statement of Accounts, a provision has been included in the Collection Fund (see note 24) for the proportion of successful claims and the likely reduction in Rateable Value that would apply. It is difficult to estimate the likelihood of businesses both submitting and being successful with an appeal and the Council has therefore made no provision in the accounts for claims that are yet to be made.

23. USABLE RESERVES

Usable reserves are those that can be applied to fund expenditure or reduce local taxation. Movements in the Council's Usable Reserves are detailed in the Movement in Reserves Statement.

24. UNUSABLE RESERVES

£'000	2022/23	2021/22
Revaluation Reserve	(147,920)	(135,417)
Financial Instruments Revaluation Reserve	168	(193)
Capital Adjustment Account	(97,286)	(93,068)
Financial Instruments Adjustment Account	97	118
Pensions Reserve	(21,960)	33,270
Deferred Capital Receipts Reserve	(413)	(413)
Collection Fund Adjustment Account	(1,230)	1,393
Accumulated Absences Account	218	198
Total Unusable Reserves	(268,327)	(194,112)

Revaluation Reserve

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

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1st April 2007, the date that the reserve was created. Accumulated gains arising prior to that date are consolidated into the balance on the Capital Adjustment Account.

£000	2022/23	2021/22
Balance at 1 April	(135,417)	(111,333)
Revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(18,467)	(27,767)
Surplus or deficit on the revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	(18,467)	(27,767)
Difference between fair value depreciation and historical cost depreciation	4,987	2,573
Accumulated gains on assets sold or scrapped	977	1,110
Amount written off to the Capital Adjustment Account	5,964	3,683
Balance at 31 March	(147,920)	(135,417)

Financial Instruments Revaluation Reserve

The Ministry for Housing, Communities and Local Government (MHCLG) has introduced a statutory over-ride to protect the General Fund balance from any fluctuations in fair value movements in quoted investment funds. In the Council's case this relates to investments in the CCLA Property Fund. This temporary over-ride expires on 31st March 2025, and unless extended all fair value movements will then impact upon the General Fund balance.

£000	2022/23	2021/22
Balance at 1 April	(193)	134
Movement in Fair Value through Profit & Loss on Pooled Investment Funds	362	(327)
Balance at 31 March	168	(193)

Capital Adjustment Account

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

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

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

Note 9 includes details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

£000	2022/23	2021/22
Balance at 1 April	(93,168)	(98,934)
Reversals of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	11,537	10,288
Revaluation losses on Property, Plant and Equipment	16,536	17,230
Amortisation of intangible assets	417	357
Revenue expenditure funded from capital under statute	5,937	5,715
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	3,008	2,934
	37,435	36,524
Adjusting amounts written out of the Revaluation Reserve	(5,964)	(3,683)
Net written out amount of the cost of non-current assets consumed in the year	31,471	32,841
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(1,303)	(3,660)
Use of the Major Repairs Reserve to finance new capital expenditure	(9,413)	(10,292)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(11,561)	(10,273)
Application of grants to capital financing from the Capital Grants Unapplied Account	(4,421)	(1,368)
Statutory provision to the financing of capital investment charged against the General Fund and HRA balances	(536)	(478)
Capital expenditure charged against the General Fund and HRA balances	(3,281)	(3,615)
	(30,515)	(29,686)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(5,074)	2,611
Balance at 31 March	(97,286)	(93,168)

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains linked to statutory provisions.

The Council uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the CIES when they are incurred but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

£000	2022/23	2021/22
Balance at 1 April	118	139
Proportion of premiums incurred in previous financial years to be charged in accordance with statutory requirements	(21)	(21)
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from the finance costs chargeable in the year in accordance with statutory requirements	(21)	(21)
Balance at 31 March	97	118

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the CIES 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 fall due to be paid.

£000	2022/23	2021/22
Balance at 1 April	33,270	63,356
Remeasurement of the net defined benefit pension liability	(59,152)	(34,518)
Reversal of items relating to retirement benefits debited or credited to the Surplus/Deficit on the Provision of Services	7,562	8,005
Employer's contributions and direct payments to pensioners payable in year	(3,640)	(3,573)
Balance at 31 March	(21,960)	33,270

Deferred Capital Receipts Reserve

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

£'000	2022/23	2021/22
Balance at 1 April	(413)	(413)
Transfer to Capital Receipts Reserve upon receipt of cash	-	-
Balance at 31 March	(413)	(413)

Collection Fund Adjustment Account

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

£'000	2022/23	2021/22
Balance at 1 April	1,393	5,183
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from that calculated for the year in accordance with statutory requirements	(2,623)	(3,790)
Balance at 31 March	(1,230)	1,393

Accumulated Absences Account

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

£'000	2022/23	2021/22
Balance at 1 April	198	444
Settlement or cancellation of accrual made at the end of the preceding year	(198)	(444)
Amounts accrued at the end of the current year	218	198
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	20	(246)
Balance at 31 March	218	198

25. MEMBERS' ALLOWANCES

The Council paid the following amounts to Members of the Council during the year:

£'000	2022/23	2021/22
Basic Allowance	175	172
Special Responsibility	62	61
Other Allowances / Expenses	13	13
Total	250	246

The Mayor and Deputy Mayor also received total allowances of £6,000 per annum (£6,000 in 2021/22).

26. OFFICERS' REMUNERATION

The remuneration paid to the Council's chief officers is as follows:

Post title	Financial Year	Notes	Salaries, fees & Allowances	Expenses & Benefits in Kind	Pension Contribution	Total
Director - Finance and Enterprise	2022/23	3	74,136		14,901	89,039
(Previously Executive Director - Resources)	2021/22	1	29,815		5,993	35,808
Chief Executive	2022/23		99,904	34	20,081	120,019
	2021/22		93,520		18,788	112,308
Director - Regeneration & Housing	2022/23		77,484	-	15,574	93,058
	2021/22		74,196	-	14,913	89,109
Director - Customers & Corporate Services	2022/23		90,187	66	18,128	108,382
	2021/22	2	60,829	9	12,227	73,065
Director - Planning & Regulation	2022/23		80,232	-	16,132	96,364
	2021/22		77,853	-	15,447	93,300
Director - Public Services	2022/23		77,484	81	15,574	93,140
	2021/22		72,085	75	14,458	86,618
Total	2022/23		499,428	181	100,391	600,000
Total	2021/22		408,298	84	81,826	490,208

Note 1: Postholder resigned August 21

Note 2: Postholder commenced in a full-time post in June 2021

Note 3: Postholder commenced in May 2022

The Council's other employees (i.e. those not included in the analysis above) receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration Band	2022/23	2021/22
	Total Number of Employees	Total Number of Employees
£50,000 - £54,999	9	9
£55,000 - £59,999	-	1
£60,000 - £64,999	-	-
	9	10

27. TERMINATION BENEFITS

Exit Packages

The table below details the number and cost of exit packages for 2022/23 and the comparative financial year:

	Number of Compulsory Redundancies		Number of Voluntary Redundancies		Total number of Exit Packages		Total Cost of Exit Packages	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
Band Cost								
Band £0 - £20k	6	1	1	1	7	2	£ 30,251	£ 11,502
Band £20K - £40K	0	0	0	1	0	1	£ -	£ 31,183
Total	6	1	1	2	7	3	£ 30,251	£ 42,685

28. EXTERNAL AUDIT COSTS

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors:

£'000	2022/23	2021/22
Fees Payable to Grant Thornton LLP regarding the external audit services carried out by the appointed auditor for the year*	158	67
Fees Payable to Grant Thornton LLP for the certification of grants and returns for the year**	18	85
Total	176	152

External audit fees payable to Grant Thornton in 2022/23 include an amount of £107k relating to previous years' audit work and a provision of £12k for additional 2022/23 audit costs.

29. GRANT INCOME

The Council credited the following grants, contributions and donations to the CIES in 2022/23 and the prior financial year:

<i>£000</i>	2022/23	2021/22
Contributions from leaseholders	-	(104)
Homes England	-	(188)
Other Local Authorities	(8,689)	(3,460)
Ministry for Housing, Communities & Local Government	(18,883)	(10,849)
Developers & other contributions	(561)	(63)
Credited to Taxation and Non-Specific Grant Income	(28,133)	(14,665)
Benefits Administration Grant	(634)	(376)
Homelessness Support	(678)	(735)
Housing Benefit Subsidy	(23,185)	(23,868)
Elections Funding	91	(245)
Discretionary Housing Payment Grant	(167)	(235)
NNDR Cost of Collection Allowance	(128)	(128)
COVID19 Government Grants (to cover payments to Businesses / Individuals)	(115)	(572)
UK Shared Prosperity Fund	(109)	-
COVID19 Government Grants - Sales, Fees & Charges compensation	-	(112)
New Burdens	(8)	-
Other grants and contributions	(1,799)	(1,794)
Credited to Services	(26,733)	(28,065)

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

<i>£000</i>	2022/23	2021/22
Developers Contributions	(8,780)	(2,745)
Other Contributions	(42)	(1,317)
Other Local Authorities	(11)	(4,078)
Green Homes		(45)
Total Capital Grants Received in Advance	(8,834)	(8,185)

30. LEASES

Council as Lessee

- **Finance Leases**

There are no finance leases outstanding at 31st March 2023. The Council has not adopted changes to IFRS16, but plans to do so in 2024/25

- **Operating Leases**

The Council has entered into several operating leases for the supply of the mayor's car, small office equipment items and land. The amount paid in 2022/23 was £53k (2021/22: £54k) and the Council is committed to further payments as detailed in the following table:

£000	2022/23	2021/22
Not later than one year	44	46
Later than one year not later than five years	148	148
Later than five years	2,178	2,215
Total	2,370	2,409

Council as Lessor

- **Finance Leases**

There is no future income due in relation to land leased under finance leases.

- **Operating Leases**

The Council leases out property under operating leases ranging from properties let to charitable and community organisations, to town centre shops and industrial units. The gross value of assets where there are such leases was £26.24m at 31st March 2023 with no accumulated depreciation. The income from such operating lease rentals during 2022/23 was £1.70m (£1.55m in 2021/22).

The future income from minimum lease payments for non-cancellable operating leases is shown below:

£000	2022/23	2021/22
Not later than one year	26	450
Later than one year not later than five years	340	1,553
Later than five years	63,756	65,024
Total	64,123	67,027

31. RELATED PARTIES

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 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 13 and 29.

Warwickshire County Council and Warwickshire Police and Crime Commissioner

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

£58,000 has been received from the Warwickshire Police and Crime Commissioner which has been used to finance various Warwickshire County Council community safety initiatives within Nuneaton and Bedworth in 2022/23 (2021/22: £77,094).

Council Members and Officers

Based on existing key data sources, no material related party transactions have been identified amongst either the members or chief officers. These sources are:

- The Register of Members’ Interests (as maintained in accordance with the Local Authorities (Members’ Interest) Regulations 1992 (Statutory Instrument 1992/618)), and;
- Disclosure of direct or indirect pecuniary interests made in accordance with section 94 of the Local Government Act 1972.

In addition to their normal involvement on various Council Committees, most members also act as the Council’s representative on a wide range of Outside and Voluntary Bodies – some such representation follows from their Committee membership(s). The Council provided financial assistance to certain voluntary and outside bodies during 2022/23 which included the following contributions:

Community Group	2022/23		2021/22	
	£	Members	£	Members
Bulkington Village Centre	2,720	1	2,640	1
Hartshill & Nuneaton Recreation Ground	9,870	2	9,418	2
Nuneaton & Bedworth Sports Forum	3,330	1	3,456	1
Nuneaton & Bedwoth Citizens' Advice Bureau	95,070	-	95,315	-
Stockingford Community Centre	5,140	-	5,140	-
Warwickshire Community & Voluntary Action	42,770	-	42,270	-
Nuneaton & Harriers Community Association Ltd	17,878	-	17,878	-
Khair In The Community	0	-	3,000	-
Warwickshire Young Carers	0	-	5,000	-

Nuneaton and Bedworth Community Enterprises Ltd (NABCEL)

The Council created a wholly owned subsidiary in 2013 - Nuneaton & Bedworth Community Enterprises Ltd (NABCEL) with the purpose of operating commercially and generating an income stream to support the General Fund in future years. The Council paid NABCEL a £10k start-up grant in 2014/15.

In accordance with Section 479a of the Companies Act 2006, the subsidiary company Nuneaton and Bedworth Community Enterprises Limited (Company No. 08670984) is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of guarantee provided by Nuneaton and Bedworth Borough Council.

Due to turnover in NABCEL during 2022/23 not being material in the context of the Council's accounts, group accounts have not been prepared however note 33 provides additional information.

As at 31st March 2023, Nuneaton and Bedworth Borough Council held a debtor on its balance sheet of £220,238 (2021/22: £227,291) in respect of money owed to it by NABCEL and a creditor of £634,310 as monies owed to NABCEL (2021/22: £400,046).

Sherbourne Recycling Limited

Sherbourne Recycling Ltd (SRL) is a private company limited by shares, incorporated on 25th February 2021. Eight local authorities including NBBC each hold shares in the company with the purpose of constructing and operating a new materials recycling facility (MRF). The Councils that have agreed to work together in a partnering relationship to jointly procure are 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.

The company will finance and construct the facility, to be based in Coventry, which will cost upwards of £30 million. NBBC has made an equity investment of £76,500 for its 7.65% share in the company, entering into a number of legal agreements including, but not limited to, the shareholder and loan facility agreement.

Each Council has committed to a long-term waste supply agreement to collect and recycle domestic waste from residents. Once operational, it has the capacity to process their domestic and commercial recycling and is expected to save the eight Councils around £1.4 million a year.

Over 24 months SRL will draw down on loan facilities with each of the shareholder Councils. The loan facility with NBBC is for £4,383,166.85, to be drawn upon based on payment milestones during the construction and for the operation of the company.

All interest accrued during this phase will be capitalised and added to the principal at the end of the construction phase. Once operational the principal and interest will be repaid over the next 25 years in line with the loan facility agreement. The facility is due to be operational from mid-2023.

HEART

Nuneaton and Bedworth Borough Council is the lead authority in managing the delivery of advice and assistance for disabled adaptations and home improvements to keep homes safe, secure and warm. This arrangement covers all of Warwickshire and is funded by contributions from each district to cover grant expenditure. Capital contributions received from each authority are itemised in the table below:

£	2022/23	2021/22
Rugby Borough Council	702,743	725,811
North Warwickshire Borough Council	771,358	796,359
Warwick District Council	979,174	1,003,427
Stratford on Avon District Council	980,303	1,022,099

A total of £3.62m of unspent contributions from the above authorities is held within Capital Grants Receipts in Advance as at 31st March 2023 to be utilised in future years (£4.08m as at 31st March 2022).

Healthy Living Network

The Council processes the payroll for the Healthy Living Network and in 2022/23 processed transactions totalling £229,283 (2021/22: £240,910) which is then repaid by the organisation.

Pride in Camp Hill Ltd

Due to the nature of the tri-partite agreement referred to in note 32, Pride in Camp Hill Ltd (PinCH) is considered to be a related party of the Borough Council. In 2022/23 the Council did not make a contribution towards the running costs of the company. At year-end there was a debtor amount of £118,254 on the balance sheet for amounts owed to the Council (2021/22: £85,571).

The Council guarantees a one third part of up to a £100,000 deficit at the end of the project. Nuneaton and Bedworth Borough Council are the accountable body for phase 3 of this regeneration project. The total expenditure for the year can be found in note 32 to the accounts.

32. CAMP HILL

Camp Hill is a large regeneration project in the north of the Borough, with the aim of creating over 1,200 new properties (25% affordable) and various other community initiatives.

The Project is split into 3 main phases, with Phase 1 and 2 being managed by Pride in Camp Hill Ltd. For Phase 3, NBBC is the accountable body and all transactions relating to this phase will be recognised in our accounts. Phase 3 is a tripartite agreement between NBBC, Advantage West Midlands (AWM) and Warwickshire County Council (WCC). AWM have contributed £4.9m to the scheme and Homes England (HE - formerly English Partnerships) £3.1m. Nuneaton and Bedworth Borough Council's contribution is the land.

Following a tender exercise, Barratt were named as the preferred developer in 2007, and a Development Agreement was signed in October 2009. Acquisition and demolition of properties in Phase 3 began in 2006/07 and during 2022/23 £48k of capital expenditure was incurred by the Council.

33. NUNEATON AND BEDWORTH COMMUNITY ENTERPRISES LTD (NABCEL)

NABCEL is a wholly owned subsidiary of the Council created in 2013, providing a range of services.

- NABCEL Homes: Providing a range of quality homes and flats for rent within Nuneaton and Bedworth;
- NABCEL Property Management: Managing short term accommodation on behalf of the Council;
- NABCEL Gas Services: Undertaking repairs, servicing and installation of boilers.

Group accounts have not been prepared as for 2022/23 it is deemed that the revenue amounts across service areas within the Net Cost of Services of the CIES are not material to require group accounts to be prepared. However, as the business continues to expand, it is considered prudent to include supplementary details within a note to the accounts.

For the year 2022/23 the turnover of NABCEL totalled £4.632m of which £3.920m was generated from agreements with Nuneaton and Bedworth Borough Council (£3.35m in 2021/22). After costs and allowable expenses of £4.586m, NABCEL generated a profit after taxation of £46k (£137k in 2021/22).

Income was generated through the following service areas:

<i>£'000</i>	2022/23	2021/22
Rental	(683)	(590)
Management Fees	(350)	(219)
Gas Services	(2,005)	(1,949)
Electrical Services	(830)	(863)
Cleaning Services	(759)	(289)
Architect Services	0	(4)
Other	(5)	(3)
Total	(4,632)	(3,917)

34. TRADING OPERATIONS

The Council has established a number of trading units where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the Council, other organisations or the general public. Additional information is now included from that previously published to allow analysis of performance before capital charges (i.e. depreciation, revaluation and impairment of assets). Details of those units are as follows:

	2022/23	2022/23	2022/23	2022/23	2022/23	2021/22	2021/22
			(Surplus)/ Deficit		(Surplus)/ Deficit	(Surplus)/ Deficit	(Surplus)/ Deficit
	Costs	Income	Before Capital Charges	Capital Charges	After Capital Charges	Before Capital Charges	After Capital Charges
£'000							
Markets	477	(237)	240	54	294	168	219
Trade Waste	69	(83)	(14)	-	(14)	(23)	(23)
Car Parks	1,259	(1,309)	(50)	229	179	184	272
Civic Hall - shows and catering	462	(178)	284	307	591	280	555
Mobile Home Sites	8	(159)	(151)	63	(88)	(132)	(70)
Commercial properties	524	(1,106)	(582)	-	(582)	(536)	3,152
Industrial properties	64	(185)	(121)	-	(121)	(92)	(535)
NABCEL	117	(539)	(422)	-	(422)	(425)	(425)
Green Waste	661	(1,012)	(351)	116	(235)	(454)	(388)
Total	3,641	(4,808)	(1,167)	769	(398)	(1,030)	2,757

35. ACQUIRED AND DISCONTINUED OPERATIONS

There were no acquired or discontinued operations during 2022/23.

36. CAPITAL EXPENDITURE AND FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the 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. The CFR is analysed in the second part of this note.

£'000	2022/23	2021/22
Opening Capital Financing Requirement	95,546	94,066
Capital Investment		
Property, Plant and Equipment	25,060	21,176
Investment Properties	1,699	3,974
Intangible Assets	416	301
Revenue Expenditure Funded from Capital under Statute	5,937	5,715
Sources of Finance		
Capital receipts	(1,303)	(3,660)
Government grants and other contributions	(15,982)	(11,640)
Major Repairs Reserve	(8,724)	(10,292)
Sums set aside from revenue - direct revenue contributions	(3,970)	(3,615)
Sums set aside from revenue - Minimum Revenue Provision	(536)	(478)
Closing Capital Financing Requirement	98,143	95,546
Explanation of movements in year:		
Increase in underlying need to borrow:		
Unsupported by government financial assistance	3,133	1,958
Sums set aside from revenue:		
Minimum / Voluntary Revenue Provision	(536)	(478)
Increase/(decrease) in Capital Financing Requirement	2,597	1,480

37. IMPAIRMENT LOSSES

During 2022/23 impairment losses of £109k were recognised and charged to the CIES across portfolios.

38. DEFINED BENEFIT PENSION SCHEME

Participation in Pension Schemes

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

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

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and the Housing Revenue Account the amounts required by statute as described in the accounting policies note.

Transactions Relating to Post-Employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, and therefore the true cost of post-employment/retirement benefits is reversed out via the Movement in Reserves Statement. The following transactions have been made in the CIES and the Movement in Reserves Statement during the year:

£'000	2022/23		2021/22	
	Local Government Pension Scheme	Discretionary Benefit Arrangements	Local Government Pension Scheme	Discretionary Benefit Arrangements
Included in Net Cost of Services:				
Current Service Costs	6,458	-	6,707	-
Financing and Investment Income and Expenditure:				
Net Interest Expense	1,019	85	1,192	106
Net Charge to the Provision of Services	7,477	85	7,899	106
Other Comprehensive Income & Expenditure:				
Return on Plan Assets (excluding the amount included in net interest expense)	7,563	-	(11,591)	-
Changes in Financial Assumptions	(71,305)	(5,965)	(14,503)	(1,296)
Changes in Demographic Assumptions	(3,847)	-	(1,518)	-
Other	8,166	-	626	-
Total	(59,423)	(5,965)	(26,986)	(1,296)
Movement in Reserves Statement:				
Reversal of items relating to retirement benefits debited or credited to the CIES	(7,477)	(85)	(7,899)	(106)
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable to the scheme	3,359		3,280	
Retirement benefits payable to pensioners		281		293

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

£'000	2022/23		2021/22	
	Local Government Pension Scheme	Discretionary Benefit Arrangements	Local Government Pension Scheme	Discretionary Benefit Arrangements
Present value of the defined benefit obligation	172,348	2,966	239,443	3,621
Fair value of plan assets	(197,274)	-	(203,558)	-
Net (Asset)/Liability arising from the defined benefit obligation	(24,926)	2,966	35,885	3,621

Reconciliation of the Movements in the Fair Value of Scheme Assets

£'000	2022/23	2021/22
Balance at 1 April	203,558	190,991
Interest Income	5,458	3,789
Remeasurement gain / (loss):		
Return on assets excluding amounts included in the net interest expense	(7,563)	11,591
Contributions from employer	3,359	3,280
Contributions in respect of unfunded benefits	281	293
Contributions from employees	914	834
Other	(1,623)	-
Benefits paid	(7,110)	(7,220)
Balance at 31 March	197,274	203,558

Reconciliation of Present Value of the Scheme Liabilities

£'000	2022/23		2021/22	
	Local Government Pension Scheme	Discretionary Benefit Arrangements	Local Government Pension Scheme	Discretionary Benefit Arrangements
Balance at 1 April	239,443	3,621	250,586	3,761
Current service cost	6,458	-	6,707	-
Interest cost	6,037	525	4,680	407
Contributions from scheme participants	914	-	834	-
Remeasurement (gains) and losses:				
- changes in financial assumptions	(76,374)	(896)	(15,545)	(254)
- changes in demographic assumptions	(3,847)	-	(1,518)	-
- other	6,543	-	626	-
Benefits paid	(6,829)	(281)	(6,927)	(293)
Balance at 31 March	172,345	2,969	239,443	3,621

Local Government Pension Scheme Assets Analysis

£'000	Year ended 31 March 2023				Year ended 31 March 2022			
	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage of total assets	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage of total assets
Equity Securities								
Other	0	84	84	0%	0	87	87	0%
Debt Securities								
Corporate Bonds (investment grade)	13,126	0	13,126	7%	12,605	0	12,605	6%
Corporate Bonds (non-investment grade)	4,234	0	4,234	2%	4,139	0	4,139	2%
UK Government	6,905	0	6,905	4%	9,558	0	9,558	5%
Other	0	7,299	7,299	4%	0	6,068	6,068	3%
Private Equity								
All	0	14,598	14,598	7%	0	14,467	14,467	7%
Real Estate								
UK Property	18,149	0	18,149	9%	19,980	0	19,980	10%
Overseas Property	0	0	0	0%	68	0	68	0%
Investment Funds and Unit Trusts								
Equities	98,948	0	98,948	50%	103,634	0	103,634	51%
Bonds	17,755	0	17,755	9%	18,386	0	18,386	9%
Infrastructure	0	13,809	13,809	7%	0	10,297	10,297	5%
Cash and Cash Equivalents								
All	2,367	0	2,367	1%	4,269	0	4,269	2%
Total	161,483	35,791	197,274	100%	172,639	30,919	203,558	100%

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions including mortality rates and salary levels. For 2022/23 both the Local Government Scheme and Discretionary Benefits liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates for the fund being based on the latest full valuation of the scheme as at 31st March 2022.

The principal assumptions used by the actuary were:

£'000	2022/23		2021/22	
	Local Government Pension Scheme	Discretionary Benefit Arrangements	Local Government Pension Scheme	Discretionary Benefit Arrangements
Mortality assumptions:				
Longevity at 65 for current pensioners:				
Men	20.6 years	20.6 years	21.6 years	21.6 years
Women	23.6 years	23.6 years	24.1 years	24.1 years
Longevity at 65 for future pensioners:				
Men	21.4 years	-	22.7 years	-
Women	25.4 years	-	25.9 years	-
Rate of increase in salaries	4.00%	-	4.00%	-
Rate of increase in pensions	3.00%	3.00%	3.20%	3.20%
Rate for discounting scheme liabilities	4.75%	4.75%	2.70%	2.70%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions outlined in the table above. The sensitivity analyses have been determined based upon reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The sensitivity analysis can be seen in note 4.

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employer contributions at as constant a rate as possible with contribution rates set by the fund's actuary. Funding levels are monitored on an annual basis.

39. PRIOR PERIOD ADJUSTMENT

No prior period adjustments have been required at the date of the draft accounts.

Housing Revenue Account

Housing Revenue Account

The Housing Revenue Account (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, on the basis on which rents are raised, is shown in the Movement on the HRA Statement.

Income and Expenditure Statement

£000	2022/23	2021/22
Repairs and Maintenance	6,421	6,003
Supervision and Management	8,674	7,631
Depreciation and Impairment of Non-current Assets	24,161	25,374
Debt Management Costs	136	136
Movement in the Allowance for Bad Debts	306	(598)
Total Expenditure	39,697	38,547
Dwelling Rents	(24,373)	(23,446)
Non-dwelling Rents	(519)	(534)
Charges for Services and Facilities	(2,178)	(2,017)
Grant Income	0	(6)
Total Income	(27,070)	(26,003)
HRA Share of Corporate and Democratic Core	178	150
HRA share of other amounts included in the whole authority Cost of Services but not allocated to specific services	3	(3)
Total Net Cost / (Income) for HRA Services	12,808	12,690
HRA Share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
(Gain) or Loss on sale of HRA non-current assets	(560)	157
Interest payable and similar charges	1,950	1,914
Interest and Investment income	(0)	(6)
Pensions interest cost and expected return on pensions assets	222	280
Capital Grants and contributions receivable	(3,100)	(292)
(Surplus) / Deficit for HRA Services	11,321	14,743

Housing Revenue Account

Movement on the HRA Statement

<i>£000</i>	2022/23	2021/22
Balance on the HRA at the end of the previous year	(9,540)	(10,535)
(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	11,321	14,743
Adjustments between accounting basis and funding basis under statute	(9,565)	(13,748)
(Increase) or decrease on the HRA	1,756	995
Balance on the HRA at the end of the current year	(7,784)	(9,540)

An analysis of the adjustments above is detailed in the table below:

<i>£000</i>	2022/23	2021/22
Difference Between any other item of income and expenditure determined in accordance with the code and determined in accordance with HRA requirements	(3)	360
Gain or Loss on sale of HRA non current assets	560	(157)
HRA share of contributions to or from the Pensions Reserve	(789)	(957)
Capital Expenditure funded by the HRA	2,314	1,637
Transfer to the Major Repairs Reserve	9,413	10,744
Other transfers to/ (from) the Capital Adjustment Account	(21,061)	(25,374)
Total adjustments between accounting basis and funding basis under statute	(9,565)	(13,748)

Notes to the Housing Revenue Account

Notes to the Housing Revenue Account

1) HOUSING STOCK

The Council was responsible for the management of approximately 5,629 dwellings during the year. The changes in stock levels during the year were:

	Houses and Bungalows	Flats and Maisonettes	Total
Housing Stock as at 1st April 22	3,309	2,350	5,659
Acquisitions	2	-	2
New Build	-	-	-
Sales	(26)	(6)	(32)
Demolitions	-	-	-
Reclassified	-	-	-
Housing Stock as at 31st March 23	3,285	2,344	5,629

2) HRA FIXED ASSETS MOVEMENTS

The vacant possession value of Council Dwellings at 31st March 2023 was estimated to be £620.07m. The difference between this and the Balance Sheet value of £248.03m represents the economic cost to the Council of providing council housing at below open market rents.

	Council Dwellings	Other Land & Buildings	Plant/ Vehicles & Equipment	Infrastructure Assets	TOTAL
<i>£'000</i>					
Cost or Valuation					
As at 1st April 2022	241,857	5,807	1,003	134	248,801
Additions	15,268	9	0	0	15,277
Revaluations	1,514	(127)	0	0	1,387
Derecognition - Disposals	(1,567)	0	(2)	0	(1,569)
Other movement in cost or valuation	0	0	0	0	0
As at 31st March 2023	257,073	5,688	1,000	134	263,896
Accumulated Depreciation & Impairment					
As at 1st April 2022	0	(4)	(980)	(32)	(1,016)
Depreciation Charge	(9,074)	(126)	(1)	(5)	(9,207)
Revaluations	0	0	0	0	(0)
Other impairment losses	0	0	0	0	-
Derecognition - Disposals	30	0	2	0	32
As at 31st March 2023	(9,044)	(130)	(978)	(38)	(10,191)
Net Book Value					
at 31st March 22	241,857	5,803	23	102	247,785
at 31st March 23	248,028	5,558	22	97	253,705

Notes to the Housing Revenue Account

3) CAPITAL EXPENDITURE

The Housing Revenue Account capital expenditure and its financing was:

£000	2022/23	2021/22
Dwellings	14,054	12,363
Land & Buildings	375	927
Assets Under Construction	291	1,713
Intangible Assets	1,736	2,385
Total Capital Expenditure	16,457	17,388
Borrowing not attracting Government Support	355	1,958
Usable Capital Receipts	1,255	2,737
Revenue Contributions	3,023	1,636
External Grants & Contributions	3,100	765
Major Repairs Reserve	8,724	10,292
Total Funding	16,457	17,388

4) MAJOR REPAIRS RESERVE

Contributions to and the use of the Major Repairs Reserve are detailed below:

£000	2022/23	2021/22
Balance at 1 April	(2,064)	(1,612)
Transfer from the HRA equal to depreciation	(9,413)	(8,774)
Additional voluntary contribution transferred from the HRA	(2,314)	(1,970)
Amounts applied to finance capital expenditure	11,727	10,292
Balance at 31 March	(2,064)	(2,064)

5) GROSS RENT OF DWELLINGS

Amounts reported in the Income and Expenditure statement is net rent income due after making allowances for vacant properties. Gross rent is calculated as the rent due on all dwelling stock for the year and losses from voids and vacancies amounted to 1.74% of the gross rent income (2021/22: 1.47%). Average rent for the year was £83.25 a week compared to £79.11 in 2021/22.

6) RENT ARREARS

£000	2022/23	2021/22
Gross arrears	2,639	2,865
Bad debt provisions	(1,873)	(1,744)
Gross arrears as percentage of gross rent income	10.8%	12.2%

Notes to the Housing Revenue Account

7) CAPITAL RECEIPTS

<i>£000</i>	2022/23	2021/22
Sale of dwellings under right to buy	(2,127)	(2,415)
Amounts Pooled to Central Government	-	584
Net Capital Receipts	(2,127)	(1,831)

8) PENSIONS RESERVE CONTRIBUTION

<i>£000</i>	2022/23	2021/22
Difference between current service cost of pensions and past service cost in accordance with IAS 19 and actual employers' contributions	(1,011)	(1,237)
Net interest on Pensions Liability	222	280
Total Pension Reserve Contribution	(789)	(957)

Collection Fund

Collection Fund

Income and Expenditure Statement

£000	2022/23		2021/22	
	Business Rates	Council Tax	Business Rates	Council Tax
INCOME				
Income from Council Tax	0	(83,584)	0	(78,856)
Income collectable from Business Rates	(31,117)	0	(30,953)	0
Transitional payments due	(14)	0	0	0
Contributions towards previous year estimated deficit:				
- Nuneaton and Bedworth Borough Council	(1,723)	0	(4,960)	(120)
- Warwickshire County Council	(431)	0	(1,240)	(120)
- Central Government	(2,154)	0	(6,201)	(750)
Total Income	(35,439)	(83,584)	(43,354)	(79,846)
EXPENDITURE				
Apportionment of previous year estimated surplus:				
- Nuneaton and Bedworth Borough Council	0	50	0	0
- Warwickshire Police and Crime Commissioner	0	52	0	0
- Warwickshire County Council	0	313	0	0
Precepts, demands and shares:				
- Nuneaton and Bedworth Borough Council	11,582	9,744	13,419	9,359
- Warwickshire Police and Crime Commissioner	0	10,300	0	9,716
- Warwickshire County Council	2,895	62,378	3,355	58,899
- Central Government	14,477	0	16,773	0
Charges to the collection fund:				
- Increase in bad debt provision	299	2,178	570	418
- Increase/(Decrease) in provision for appeals	(948)	0	(34)	0
- Transitional payments payable	0	0	108	0
- Cost of collection allowance	127	0	128	0
Total Expenditure	28,434	85,015	34,318	78,391
(Surplus)/Deficit for the year	(7,005)	1,431	(9,036)	(1,455)
Fund Balance Brought Forward	3,631	(497)	12,667	958
Fund Balance at 31st March: (Surplus)/Deficit	(3,374)	934	3,631	(497)
Analysis of Fund Balance (Surplus)/Deficit				
- Nuneaton and Bedworth Borough Council	(1,350)	109	1,452	(59)
- Warwickshire Police and Crime Commissioner	0	119	0	(62)
- Warwickshire County Council	(337)	706	363	(375)
- Central Government	(1,687)	0	1,815	0
	(3,374)	934	3,631	(497)

Collection Fund

NATIONAL NON-DOMESTIC RATES (NNDR)

The total non-domestic rateable value at 31st March 2023 was £87,363,067 (£88,510,249 as at 31st March 2022) and the national non-domestic rate multiplier for the year was 51.2p (2021/22: 51.2p). The small business rate relief can be applied in qualifying circumstances and provided a reduced multiplier of 49.9p for 2022/23 (2021/22: 49.9p).

From 1st April 2013 the collection and re-distribution of NNDR changed. Previously, billing authorities collected NNDR on behalf of central government and made a payment for the amounts due to be collected to the national pool, which was then redistributed in the form of grant to each authority based on a spending needs assessment. The NNDR reforms which commenced in April 2013 removed the national pool and replaced the single payment to central government and grant reallocation by an apportionment methodology. The result of these changes means that amounts due to be collected, adjusted for appeals, costs and allowance for bad debts, are redistributed to central government, the billing authority and the county council on a 50% / 40% / 10% basis. These transfers are shown within the precepts, demands and shares section of the collection fund statement.

COUNCIL TAX BASE

The Council Tax Base calculation starts with the number of chargeable dwellings in each of the valuation bands. Adjustments are made to take account of any exempt dwellings, disabled reductions, discounts and anticipated new dwellings. Additionally, each of the valuation band is converted to an equivalent number of Band D dwellings. Finally, allowances are made for estimated collection rates and contributions in lieu of Council Tax (e.g. from the Ministry of Defence).

A summary calculation of the Band D equivalents for 2022/23 and 2021/22 is shown in the following table:

Valuation Band	Number of chargeable properties		Adjusted property base (Band D equivalent)	
	2022/23	2021/22	2022/23	2021/22
A - Disabled Relief Reduction (5/9)	49	47	27	26
A - (6/9)	20,723	20,310	13,816	13,540
B - (7/9)	13,486	13,142	10,490	10,222
C - (8/9)	13,997	13,342	12,443	11,860
D - (9/9)	7,654	7,221	7,654	7,221
E - (11/9)	3,014	2,858	3,685	3,493
F - (13/9)	819	762	1,184	1,101
G - (15/9)	188	182	314	303
H - (18/9)	17	7	34	14
Totals	59,947	57,871	49,647	47,779

In order to collect the total precept requirements of £84.4m (2021/22: £78.0m) a Band D Council Tax of £2,102.15 was determined (2021/22: £2,030.13).

Glossary of Terms

Glossary of Terms

Agency

Where one Authority (the main Authority) pays another Authority (the agent) to carry out work for them.

Approved Budget

The budget which has been approved by full Council, adjusted to reflect in-year virements (i.e. transfers between budgets).

Authorised limit

This represents the maximum amount of debt at any one time during the year, under the new Prudential borrowing regime that was introduced from April 2004.

Band D Equivalent

The weighted number of domestic properties subject to Council Tax in a Local Authority's area. It is expressed as a proportion to Band D which is the middle property band (e.g. 1 Band H = 2 Band D; 1 1/2 Band A = 1 Band D).

Billing Authority

The Local Authority, which collects the Council Tax. In Warwickshire, the District or Borough Council is the billing Authority.

Budget

A statement of spending plans. The Council's financial year starts on 1st April and ends on 31st March.

Business Rates (Non-Domestic Rates – NDR)

Businesses pay business rates instead of Council Tax. Each year, the Government sets the rate in the pound and business rates are collected by the billing Authority. From April 2013 business rates are collected by the billing authority and distributed on a prescribed basis – 50% Central Government; 40% Billing Authority (Nuneaton and Bedworth Borough Council) and 10% County Council (Warwickshire County Council). The amount charged is based on multiplying the rateable value of each business property by the national rate in the pound.

Capital Adjustment Account

Resources set aside to meet past capital expenditure.

Capital programme

Planned future spending on capital projects including land purchases, buildings, vehicles and equipment.

Capital receipt

Income from selling assets that have a long-term value. Capital receipts can be used to finance new capital expenditure within rules set by central government, but they cannot be used to finance day-to-day spending.

Glossary of Terms

Capital spending

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

Capital spending charged to revenue

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

Capping

A power under which the Government may limit the maximum level of Local Authority spending or increases in that level year on year, which it considers excessive. It is a tool to restrain increases in Council Tax.

Cash Flow Statement

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

CIPFA

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

Collection Fund

A fund managed by the billing Authority (the Council) to receive Business Rates income and to make payments to the County Council, Central Government and the Council based upon the proportionate share. The fund also collects Council Tax and pays the precept demands to the County Council, Police and Crime Commissioner and the Council.

Council Tax

A tax charged on domestic householders based on their property band. There are eight bands of property values. The amount paid will depend on which band a property is in. Reductions are given for empty properties or if an individual lives alone. In Warwickshire, the District or Borough Council issues Council Tax bills and collects the Council Tax.

Council Tax Base

An assessment by each billing Authority of the number of converted to Band D equivalents (the average band), after properties, allowing for non-collection and new properties, on which a tax can be charged.

Council Tax surpluses/losses

The District Councils' tax bases are calculated using estimated collection rates. Actual collection rates in a given year may give rise to a surplus/deficit to be taken into account when setting tax levels for the following year. Amounts in respect of Council Tax are shared between the District Council concerned, the County Council and the Police and Crime Commissioner pro-rata to the share of the aggregate of the precepts and demands on the collection fund. These surpluses and losses are applied to reduce or increase the spending of the Authority.

Creditors

Individuals or organisations that the Council owes in respect of work performed, goods or services, and which have not been paid for by the end of the financial year.

Glossary of Terms

Current assets

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

Current liabilities

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

Current service cost

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

Current spending

The yearly running costs of Local Authorities, not including specific grants and the cost of purchasing assets.

Curtailment costs

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

Debtors

Individuals or organisations who owe amounts to the Council which have not been paid by the end of the financial year.

Depreciation

The drop in the value of assets such as buildings and vehicles which reflects wear and tear, age and the asset becoming out of date.

Earmarked reserves

Money set aside for a specific purpose.

Financial year

The Council's financial year commences on 1st April and ends on 31st March.

General reserves

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

Government grants

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

Gross spending

The overall cost of funding service delivery before allowing for government grants or other income received.

International Financial Reporting Standards (IFRS)

Accounting standards which offer guidance as to how the Council should treat certain income and expenditure items within the Statement of Accounts.

Glossary of Terms

Inventories

Goods purchased that have not yet been utilised.

Leasing

A method of renting the use of vehicles, machinery and equipment. The items do not belong to the Council but are the property of the leasing company to whom rental sums are paid.

Levy

A charge against the Authority based upon a proportion of excess business rates collectable compared to the government's determined level of rates collectable.

Liabilities

Funds that will have to be paid to individuals or organisations in the future.

Loss

The amount remaining when expenses are in excess of income received.

Minimum revenue provision (MRP)

The statutory minimum amount that the Council must set aside each year to repay loans.

Net book value

The value of an asset after depreciation and impairment charges.

Net interest on the net defined benefit pension liability

The change during the period in the net defined benefit liability that arises from the passage of time. This includes an allowance for interest on the current service cost.

Net spending

The cost of providing a service after allowing for specific grants and other income amounts from fees and charges (i.e. not including Council Tax and Central Government funding).

Operating leases

A specific type of lease under which ownership of the goods and any profits or losses remain with the company (the lessor) leasing the goods to the Council.

Overheads

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

Past service costs

The past service cost is the additional liability that arises when the Council grants additional retirement benefits which did not exist previously.

Petty Cash

Insignificant sums of cash retained to pay sundry expenses.

Precept

The amount each non-billing Authority, (County Council, Police and Crime Commissioner) asks a billing Authority (the Council) to collect every year in order to meet their spending requirement.

Glossary of Terms

Property, Plant and Equipment

A capital item that is intended to be used for several years such as a building or a vehicle.

Provisions

Funds set aside to meet specific service liabilities, and to meet spending.

Prudential Code

A statutory code of practice that sets out the framework for Local Authority capital finance that ensures:

- Capital expenditure plans are affordable;
- All external borrowing and other long-term liabilities are within prudent and sustainable levels; and
- Treasury management decisions are taken in accordance with professional good practice.

Prudential System

A system introduced from April 2004 which allows Local Authorities to determine how much long-term borrowing can be afforded to fund capital expenditure. This system replaced the previous complex regulatory framework of capital controls with a system based on self-regulation by Local Authorities. The system is enshrined in the Prudential Code.

Rateable Value (RV)

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

Reimbursements

Payments received for work undertaken on behalf of other public organisations, for example, Central Government.

Reserves and funds

Savings accumulated from retained surpluses.

Revaluation Reserve

Store of gains on the revaluation of property plant and equipment assets.

Revenue spending

Spending on the day-to-day running of Council services - mainly wages, running expenses of buildings and equipment, and debt charges. These costs are met from income arising from Council Tax, government grants, fees and charges.

Revenue Support Grant

The government grant to support Local Authority services.

Specific grants

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

Glossary of Terms

Surplus

The remaining amount having deducted expense sums from income receipts.

Tariff

A payment to Central Government calculated as the difference between the Business Rates Baseline (the government's assumed level of collectable business rates) and the Spending Needs Baseline (the government's assumed level of spending required by the Authority).

Tax Base

The tax base is an assessment by each billing Authority of the likely yield of a Council Tax of £1, accounting for the number of properties upon which a tax can be levied. The Tax base counts properties as Band D equivalents. For setting Council Tax, the tax base is based upon the District or Borough Council's number of Band D equivalent properties within each Local Authority area, allowing for the non-collection of Council Tax and new properties.

PWLB

The Public Works Loans Board is a government agency, which provides long-term loans to Local Authorities at favourable interest rates only slightly higher than those at which Central Government can borrow.

Virement

The transfer of budget from one spending head to another. Limits on the amounts transferred are specified within the Council's Financial Regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NUNEATON AND BEDWORTH BOROUGH COUNCIL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NUNEATON AND BEDWORTH BOROUGH COUNCIL

Report on the Audit of the Financial Statements

To follow upon completion of the external audit of the Statement of Accounts.