Nuneaton & Bedworth
United to Achieve

Nuneaton and Bedworth Borough Council
Town Hall, Coton Road, Nuneaton
Warwickshire CV11 5AA

www.nuneatonandbedworth.gov.uk
024 7637 6376

Enquiries to: Maria Meede
Direct Dial: 024 7637 6215

Email: committee@nuneatonandbedworth.gov.uk

Date: 5th August 2022

Our Ref: MM

Dear Sir/Madam,

Extraordinary Audit and Standards Committee – Monday 8th August 2022

I refer to Item 5 (Statement of Accounts 2020-2021) and Item 6 (Audit Findings for Nuneaton and Bedworth Borough Council) on the Agenda for the Extraordinary Audit and Standards Committee meeting scheduled for Monday 8th August 2022, and attach a copy of the reports.

Yours faithfully,

BRENT DAVIS

Chief Executive

To:	All Members of the Audit & Standards Committee	Councillors R Baxter-Payne (Chair), J. Sheppard (Vice-Chair), B. Beetham, T. Cooper, L. Cvetkovic, L. Downs, M. Green, J. Hartshorn, J. Kennaugh, N. Phillips and R. Tromans

AGENDA ITEM NO. 5

NUNEATON AND BEDWORTH BOROUGH COUNCIL

Report to: **Audit and Standards Committee - 8th August 2022**

From: **Director – Finance and Enterprise**

Subject: **Statement of Accounts 2020/21 Approval**

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1. Purpose of Report

1.1 To provide the final amended version of the 2020/21 Statement of Accounts for approval.

2. Recommendations

2.1 That the Audit Findings Report and Draft Opinion on the Statement of Accounts are noted.

2.2 That delegated authority is given to the Director of Finance and Enterprise and Chair of Audit and Standards Committee to sign the Accounts once final checks have been completed by the External Auditors.

2.3 That the Letter of Representation be approved as accurate and signed once final checks on the Accounts have been completed.

2.4 That the Annual Governance Statement is considered and approved.

3. Background

3.1 The External Auditor, Grant Thornton have been working with the Finance team to finalise the audit opinion for 2020/21.

4. Body of Report

4.1 Detail of the final outstanding checks required by the External Auditor are noted in the Audit Findings Report and will be presented to the Committee.

5. Conclusion

5.1 That the enclosed Opinion is considered and the accounting adjustments, final Statement of Accounts and Annual Governance Statement are approved.

6. Appendices

6.1 Appendix A – Nuneaton and Bedworth Borough Council Audit Findings Report (Page 4)
Appendix B – Nuneaton and Bedworth Borough Council Draft Audit Opinion (Page 34)
Appendix C – Nuneaton and Bedworth Draft Letter of Representation (Page 39)
Appendix D – Statement of Accounts 2020/21 (Page 44)
Appendix E – Annual Governance Statement 2020/21 (Page 172)

7. Background Papers (if none, state none)

7.1 None.

This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report. This draft has been created from the template dated 05/08/2022.

Grant Thornton

The Audit Findings for Nuneaton and Bedworth Borough Council

Year ended 31 March 2021

August 2022

Contents

Your key Grant Thornton team members are:

Grant Patterson
Key Audit Partner
T 0121 232 5296
E grant.b.patterson@uk.gt.com

William Guest
Audit Manager
T 0121 232 5319
E william.guest@uk.gt.com

Allison Thomas
Assistant Manager
T 0121 232 5278
E allison.a.thomas@uk.gt.com

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management and will be discussed with the Audit Committee.

Grant Patterson

Name : Grant Patterson, Director and Key Audit Partner
For Grant Thornton UK LLP
Date : 08 August 2022

1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Nuneaton and Bedworth Borough Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2021 for those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Council's financial statements give a true and fair view of the financial position of the Council and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report) is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our audit work was completed mostly on site between October 2021 and July 2022. Our work has again been significantly delayed due to the challenges in obtaining appropriate audit evidence from management and the crystallisation of the 'key person risk' that we have highlighted in previous reports when that person was unable to work and subsequently left the Council. The significant number of challenges throughout the audit this year has resulted in the Council missing the statutory deadline to publish audited financial statements by the 30 November 2021.

Our findings are summarised on pages 5 to 16.

We have identified a number of adjustments to the financial statements that have resulted in a £0.7m adjustment to the Council's Comprehensive Income and Expenditure Statement. This does not impact the useable reserves of the Authority. Audit adjustments are detailed in Appendix C.

We have also raised recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year's audit are detailed in Appendix B.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements, subject to the following outstanding matters:

- Agreement of the Collection Fund to the supporting system reports;
- Agreement of the Collection Fund Adjustment Account to supporting working papers;
- Agreement of the Sundry Debt Bad Debt Provision to supporting working papers;
- Agreement of the Prior Period Adjustment in relation to the reclassification of codes between portfolios within the CIES;
- Agreement of principal Covid-19 grants to the CIES;
- Agreement of the adjustments detailed in Appendix C to the final financial statements;
- Internal quality review checks;
- receipt of management representation letter; and
- review of the final set of financial statements.

Our draft opinion and the draft management letter of representation are provided as separate documents on the agenda for the meeting of the Audit & Standards Committee.

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated audit report opinion will be unmodified (not subject to qualification).

1. Headlines

Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are now required to report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Council's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay is attached in the Appendix G to this report. We expect to issue our Auditor's Annual Report (AAR) by 30 November 2022. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We identified a risk in respect of financial sustainability. Our work on this risk is underway and an update is set out in the value for money arrangements section of this report.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We expect to certify the completion of the audit upon the completion of our work on the Council's VFM arrangements, which will be reported in our Annual Auditor's Report in November 2022.

Significant Matters Discussed with Management

We have previously reported to the Audit & Standards Committee that our audit queries were dealt with and co-ordinated by one member of the finance team, the Head of Financial Services. During the 2020-21 financial statements audit, the Head of Financial Services had been asked take on additional responsibilities in relation to Covid-19 grants and other returns which meant our audit could not begin until October 2021.

As the increased workload for the Head of Financial Services continued, this lead to a delay in receipt of evidence and receipt of responses to queries raised. The audit was originally due to be completed before the end of December 2021. However, due to the delays previously mentioned this was not achieved. It was communicated early in January 2022 that the Head of Financial Services would be leaving at the end of March 2022. Plans were then agreed with the Interim Director of Finance to have the audit completed by the end of January. This was further delayed to the end of March due to the prioritisation of the Head of Financial Services workload, primarily linked to the budget setting process.

By the time the Head of Financial Services left the Council, there were still a number of queries outstanding. We agreed with the Interim Director of Finance at that time to have all responses to queries early in April however but this deadline was not achieved.

Since then, the Council has appointed a new substantive Director of Finance who has assisted the audit team to obtain the required evidence for the audit to be completed in August 2022. Also, at the end of July, a new Interim Head of Financial Services has been employed.

As we have noted previously we believe that in order to create greater resilience in respect of accounts preparation and support of future audits it is important that the Council use this opportunity to review the arrangements for accounts preparation, including appropriately delegating and spreading the tasks between the finance team to reduce the key person risk going forward.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based, and in particular included:

- An evaluation of the Council's internal controls environment, including its IT systems and controls;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We have not had to alter our audit plan, as communicated to you in July 2021.

However, in our plan we noted that the Council was in the process of determining whether or not its subsidiary, Nuneaton and Bedworth Community Enterprises Ltd (NABCEL) required the production of Group Accounts for the first time. The Council concluded that NABCEL was still not material quantitatively or qualitatively and therefore consolidation was not required. We have reviewed the Council's rationale and are satisfied with its conclusions.

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following in September 2022 following the Audit and Standards Committee meeting on 8 August 2022 and the return of the Director of Finance from Annual Leave. A draft of our Auditor's Report is detailed in Appendix E.

These outstanding items include:

- Agreement of the Collection Fund to the supporting system reports;
- Agreement of the Prior Period Adjustment in relation to the reclassification of codes between portfolios within the CIES;
- Agreement of principal Covid-19 grants to the CIES;
- Internal quality review checks;
- receipt of management representation letter; and
- review of the final set of financial statements.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff.

2. Financial Statements

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan in July 2021

We detail in the table to the right our determination of materiality for Nuneaton and Bedworth Borough Council

	Council Amount (£)	Qualitative factors considered
Materiality for the financial statements	1,800,000	We determined materiality for the audit of the Council's financial statements as a whole to be £1,800k in our audit plan, which equated to approximately 1.7% of the Council's 2019-20 gross operating expenses. This benchmark is considered the most appropriate because we consider users of the financial statements to be most interested in how the Council has expended its revenue and other funding.
Performance materiality	1,170,000	Performance materiality drives the extent of our testing and this was set at 65% of financial statement materiality. This is towards the lower end of our range. Our consideration of performance materiality is based upon a number of factors: • We are not aware of a history of deficiencies in the general control environment but have highlighted that the existence of two superusers within the journals control environment increases risk in that area. • The prior year included adjustments to PP&E revaluations and unadjusted misstatements in respect of council dwellings being in the incorrect beacons and investment property valuations being incorrectly processed. • Key person risk in relation to accounts preparation and subsequent changes in key reporting personnel within the finance department
Trivial matters	90,000	Triviality is the threshold at which we will communicate misstatements to the Audit Committee.
Materiality for senior officer remuneration	25,000	In accordance with ISA320 we have considered the need to set lower levels of materiality for sensitive balances, transactions or disclosures in the accounts. We consider the disclosures of senior officer's remuneration to be sensitive as we believe these disclosures are of specific interest to the reader of the accounts.

2. Financial Statements - Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
Management override of controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Council faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.	We have: • evaluated the design effectiveness of management controls over journals; • analysed the journals listing and determined criteria for selecting high risk unusual journals; • tested unusual journals made during the year and after the draft accounts stage for appropriateness and corroborated these as necessary; • gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness; and • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. We have noted two deficiencies in respect of the journals control environment: • There is no authorisation process for journals with the Council relying upon budgetary controls to identify any errors and management override of control. • As reported in 2019-20 we identified as part of our review of the journals control environment that two users have superuser access. These privileges allow those individuals to log on as other users. From a practical point of view this is necessary as it allows them to assist with any issues that the user may be having but the risk is that activity performed by the superuser while acting as the user is not logged against the correct individual, which impedes the integrity of the audit trail. We continue to bring this to the attention of yourselves as those charged with governance as it represents a deficiency in the control environment. We have considered this as part of our risk assessment in determining which journals to test. Our detailed testing of the journals identified as being high risk has not identified any errors i.e. we have found that they were appropriate, eligible and valid, and can be agreed to supporting evidence. We recognise that these deficiencies are currently risks that the Council is willing to tolerate however we continue to recommend that the Council implement controls to monitor the access of its super users and consider introducing an authorisation process. Our review of accounting policies and estimates has identified one issue. Since authorisation of the draft accounts, the Council has subsequently revised its NNDR appeals provision, following a change to legislation and the need to no longer make a provision against potential losses for material change of circumstances (MCC) appeals on the grounds of coronavirus. Therefore the provision of the Council was overstated by £710k. This has been adjusted and is included within Appendix C.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Commentary
Improper revenue recognition Under ISA (UK) 240, there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition. As external auditors in the public sector, we are also required to give regard to Practice Note 10, which interprets the ISA in a public sector context and directs us to consider whether the assumption also applies to expenditure.	Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of local authorities, including the Authority, mean that all forms of fraud are seen as unacceptable. As reported in our audit plan we were finalising our assessment in respect of the Council's control environment in respect of Covid-19 grants. Having completed this we were satisfied our rebuttal was appropriate for all revenue streams (income and expenditure). Therefore we did not consider this to be a significant risk for Nuneaton and Bedworth Borough Council. Whilst not a significant risk, as part of our audit work we have undertaken work on material revenue items (income and expenditure). Our work has not identified any matters that would indicate our rebuttals were incorrect.
Valuation of the pension fund net liability The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements. The pension fund liability is considered a significant estimate due to the size of the numbers involved (£63.3m as at 31 March 2021) and the sensitivity of the estimate to changes in key assumptions. We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.	We have: • updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation; • assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability; • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report, and • obtained assurances from the auditor of Warwickshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. The Council instructed its actuary to reconsider the net pensions liability based on actual asset valuation as at 31 March 2021. This valuation was included in the draft financial statements. Our audit work in this area has not identified any issues in respect of valuation of the Council's net pension liability.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Commentary
Valuation of land and buildings (including investment properties) The Authority revalues its land and buildings on a rolling five-yearly basis, and investment properties every year. The Council has appointed Savills and the District Valuer Services (DVS) to revalue their council dwellings and Depreciated Replacement Cost (DRC) valued assets as at the 31 March 2021. These valuations represent significant estimates by management in the financial statements due to the size of the numbers involved (£224m of council dwellings, £38m other land & buildings and £28m of investment property) and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority financial statements is not materially different from the current value or the fair value (for any surplus assets) at the financial statements date, where a rolling programme is used. We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.	We have: • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • evaluated the competence, capabilities and objectivity of the valuation expert; • communicated with the valuers to confirm the basis on which the valuation was carried out; • challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding; • tested revaluations made during the year to see if they had been input correctly into the Authority's asset register; and, • evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end. We identified two errors in relation to the valuations of land and buildings: • Firstly, the valuer had incorrectly excluded a section of the Pingles Stadium from their valuation. This resulted in an understatement of property, plant and equipment on the balance sheet of £713k. • The second error relates to Gresham Road. There was an error in 2019/20 where the Council had incorrectly entered the valuation into the financial statements. This was corrected in the ledger but not in the asset management system. This meant in 2020/21 that the movement on the revaluation reserve for Gresham Road was incorrect. This has lead to an adjustment of xxx to the revaluation reserve and xxx to the Comprehensive Income and Expenditure Statement. This does not impact the General Fund. These have been adjusted and are reported in more detail in Appendix C. We also recommend that the Council reviews its asset management system to ensure it is updated with the latest valuations and that the revaluation reserve matches with the general ledger. We also identified that there are several loss making car parks which are valued at nil. In our view if these assets were no longer operational it is unlikely that the Council would sell these for nil consideration. We therefore challenged the Council and sought our own advice. We are satisfied that the valuation has been performed in line with RICS guidance and that this is not a material issue for 2020/21 but we will keep under review in future audits.

2. Financial Statements – new issues and risks

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant deficiencies identified during the year.

Issue	Commentary	Auditor view
Recognition and Presentation of Grant Income • The Council receives a number of grants and contributions and is required to follow the requirements set out in sections 2.3 and 2.6 of the Code. The main considerations are to determine whether the Council is acting as principal/ agent, and if there are any conditions outstanding (as distinct from restrictions) that would determine whether the grant be recognised as a receipt in advance or income. The Council also needs to assess whether grants are specific, and hence credited to service revenue accounts, or of a general or capital nature in which case they are credited to taxation and non-specific grant income	We have: • evaluated management's processes and controls for the processing of these grants. • evaluated management's assessment of whether they are acting as an agent or principal. • tested a sample of grants to ensure they can be agreed to supporting documentation and that the grant is correctly treated as agent or principal • tested a sample of grants to ensure that the grants have been recorded correctly in the financial statements and where conditions exist, these have been correctly reflected in the financial statements • tested a sample of grants expenditure to ensure this was paid out correctly to those who were eligible for the grant	We have not identified any issues in respect of grant income.
Civica CX • During 2020/21 the Council changed housing systems to Civica Cx. There is a risk that the transfer was not done correctly which could lead to errors in the financial statements.	To support the financial statement audit of the Council for year ended 31 March 2021, our IT expert has completed a design and implementation effectiveness review of the IT General Controls (ITGC) for applications identified as relevant to the audit. This review also covered the IT controls used to support the implementation of new applications during the period.	We have reported the IT audit findings report to the Audit & Standards Committee as a separate agenda item. The issues identified here have been considered as part of the financial statements audit. We have not identified any errors in respect of the housing income or expenditure included within the financial statements but there are recommendations within the report to improve IT controls.

2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations – £49m	The Council has engaged Valuers to complete the valuation of its properties. The Council owns a variety of different land and buildings which have been valued under different methodologies depending on their use. The Valuers have assessed the use of the property and therefore decided whether to value the assets on a Depreciated Replacement Cost (DRC) basis or an Existing Use Value (EUV) basis. Managements Experts: • District Valuer (external) – assets valued on a DRC basis. 10 assets worth £24.051m • Les Snowdon (internal valuer) – Assets valued on an EUV basis. 133 assets worth £13.444m The residual balance not covered by these experts are assets not revalued in 2020/21. Management have considered the year end value of assets not revalued. Management have applied the movements per the BCIS indices to the assets not revalued to calculate what the value is likely to be if they were revalued at the 31 March 2021. This calculates a movement which would not be material. The total year end valuation of land and buildings was £44m, a net decrease of £5.3m from 2019/20 (£49.3m).	• We have not noted any issues with the completeness and accuracy of the underlying information used to determine the estimate but this work is still ongoing. • We have no concerns over the competence, capabilities and objectivity of the valuation experts used by the Council. • There have been no changes to the valuation methods this year. • We have considered the movements in the valuations of individual assets and their consistency with indices provided by Gerald Eve as our auditor's expert. • The Council have valued several loss making car parks at nil. In our view if these assets were no longer operational it is unlikely that the Council would sell these for nil consideration. We therefore challenged the Council and sought our own advice. We are satisfied that the valuation has been performed in line with RICS guidance and that this is not a material issue for 2020/21 but it is cautious and we will keep under review in future audits. • We have reviewed management's assessment as to whether the assets not revalued as at 31 March 2021 are materially correct. We agree that there is no risk of material misstatement for assets which have not been revalued as at 31 March 2021 • Disclosure of the estimate in the financial statements is considered adequate. • We continue to note that the internal valuer's report is light on detail, showing the values of the assets, along with a statement to confirm that the valuation is in line with RICS guidance, and a signature of the valuer.	Grey

Assessment

- [Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Net pension liability – £63.3m	The Council's net pension liability at 31 March 2021 is £63.3m (PY £48.8m) Warwickshire Pension Fund Local Government Pension Scheme and unfunded defined benefit pension scheme obligations. The Council uses Hymans Robertson to provide actuarial valuations of the Council's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £12.5m net actuarial loss during 2020/21.	See audit comments below	Light Purple

Audit Comments

- We have no concerns over the assessment of management's expert
- We have no concerns over the assessment o the actuary's approach taken
- We have used PwC as auditors expert to assess assumptions made by the actuary – see table below for the comparison made
- No issues were noted in the completeness and accuracy of the underlying information used to determine the estimate
- We have confirmed that the Council's share of LGPS pension assets is in line with expectations
- We have confirmed that the increase in the estimate is reasonable
- The disclosure of the estimate in the financial statements is considered adequate

Assumption	Actuary Value	PwC range	Assessment
Discount rate	2%	1.95% - 2.05%	●
Pension increase rate	2.85%	2.85%	●
Salary growth	3.65%	Between CPI & CPI +1% (2.9% - 3.9%)	●
Life expectancy – Males currently aged 45 / 65	Pensioners: 21.8 years Non-Pensioners: 23 years	Pensioners: 20.4 – 22.7 Non-Pensioners: 21.8 – 24.3	●
Life expectancy – Females currently aged 45 / 65	Pensioners: 24.2 years Non-Pensioners: 26.1 years	Pensioners: 23.2 – 24.9 Non-Pensioners: 25.2 – 26.7	●

- The auditor of Warwickshire Pension Fund has informed us that there was a difference of £4.3m between the asset valuations included within the Pension Fund's financial statements and the confirmations received from investment managers. The Pension Fund has not adjusted for this on the basis of materiality. The Council's share of these assets was £319k. If the actuary has been aware of this it is possible that the net pension liability would be reduced by a similar amount. We are satisfied this is not material and that management's estimation methodology remains valid.

Assessment

- ● Dark Purple We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- ● Blue We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- ● Grey We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- ● Light Purple We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Provisions for NNDR appeals - £2m	The Council are responsible for repaying a proportion of successful rateable value appeals. Management use historic data relating to appeal success rates and the latest information about outstanding rates appeals provided by the Valuation Office Agency (VOA) to calculate the level of provision required.	• We have not yet noted any issues with the completeness and accuracy of the underlying information used to determine the estimate. • We have considered the approach taken by the Council to determine the provision, and it is in line with that used by other bodies in the sector. • Disclosure of the estimate in the financial statements is considered adequate. • There have been no changes to the overall calculation method this year but see below for a change related to a specific item. Since authorisation of the draft accounts, the Council has subsequently revised its NNDR appeals provision, following a change to legislation and the need to no longer make a provision against potential losses for material change of circumstances (MCC) appeals on the grounds of coronavirus. Therefore the provision of the Council was overstated by £710k. This has been adjusted and is included within Appendix C. This adjustment allows us to conclude that the estimate is appropriate.	Light Purple
Land and Buildings – Council Housing - £224.7m	The Council has engaged the Valuers (Savills) to complete the valuation of its properties. The Council owns a number of dwellings and is required to revalue these properties in accordance with DCLG's Stock Valuation for Resource Accounting guidance. The guidance requires the use of beacon methodology, in which a detailed valuation of representative property types is then applied to similar properties. The total year end valuation of council dwellings was £224.7m, a net increase of £15.1m from 2019/20 (£209.6m).	• We have not noted any issues with the completeness and accuracy of the underlying information used to determine the estimate but this work is still ongoing. • We have no concerns over the competence, capabilities and objectivity of the valuation expert used by the Council. • There have been no changes to the valuation method this year. • We have considered the movements in the valuations of individual assets and their consistency with indices provided by Gerald Eve as our auditor's expert. This work has not raised any issues with the 2020/21 valuations. • Disclosure of the estimate in the financial statements is considered adequate. • Following our findings last year the Council has reviewed the contents of its beacons. Our testing has not identified any issues with the class of properties within individual beacons this year.	Light Purple

Assessment

- Dark Purple We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- Blue We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- Grey We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- Light Purple We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - other communication requirements

We set out on this page details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit & Standards Committee. We have not been made aware of any incidents in the period and no issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Council, this is included in Appendix F.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Council's counterparties. This permission was granted and the requests were sent. Where responses were not received, we undertook alternative procedures to confirm balances with no issues noted.
Accounting practices	We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. Our findings are set out on pages 12 – 13.
Audit evidence and explanations/ significant difficulties	See Page 4 for the significant matters we have identified. We have also noted: Declarations of interest - At the end of March 2021 not all declarations had been received by members. This gives rise to a risk that decisions are made by the Council without taking into account any conflict of interests. Fully depreciated assets - There are a number of vehicles, plant & equipment assets, that have no assigned remaining life and / or are fully depreciated (approximate estimate of £2.1m). Whilst there is no impact on the PP&E opening or closing bottom line values in the Balance Sheet, these assets are grossing up the amounts within the disclosure notes within the accounts for gross cost and accumulated depreciation.

2. Financial Statements - other communication requirements

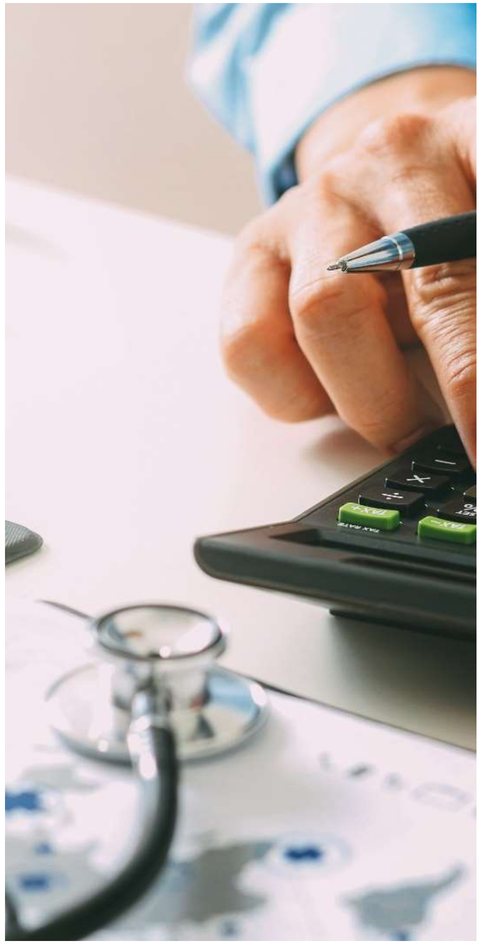
Our responsibility

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570).

Issue	Commentary
Going concern	In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Council's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of the Council and the environment in which it operates • the Council's financial reporting framework • the Council's system of internal control for identifying events or conditions relevant to going concern • management's going concern assessment. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – refer to appendix E
Matters on which we report by exception	We are required to report on a number of matters by exception in a number of areas: • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported a significant weakness. We have nothing to report on these matters at the time of writing this report
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. This work is not required as the Council does not exceed the threshold.
Certification of the closure of the audit	We intend to certify the closure of the 2020/21 audit of Nuneaton and Bedworth Borough Council once our work on the whole of government accounts procedures, value for money work and objections in relation to prior years has been completed. As stated in our updated letter within Appendix E, this is expected to be by the end of November 2022.



3. Value for Money arrangements

Revised approach to Value for Money work for 2020/21

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM)

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria.
- Auditors undertaking sufficient analysis on the Council's VFM arrangements to arrive at far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.

Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)

Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:

Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.

Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.

Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

3. VFM - our procedures and conclusions

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An updated audit letter explaining the reasons for the delay is attached in the Appendix G to this report. The original was shared with the previous Audit and Standards Committee Chair in September 2021. We also updated the Audit & Standards Committee in January 2022 and July 2022 explaining the reasons for the continued delay. We expect to issue our Auditor's Annual Report by November 2022. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We identified the risk set out in the table below. Our work to date has not identified any issues that we need to bring to your attention or would require immediate reporting. We have given consideration as to whether the delay in the completion of the audit might meet the criteria of a significant weakness in arrangements that required immediate reporting. Given the impact of the pandemic and the fact that Council was actively addressing long term recruitment to key finance positions we have concluded, on balance, that this is not required at this time.

Risk of significant weakness	Work performed to date
Financial Sustainability When setting the original budget for 2021/22 the Council noted the extremely challenging position due to the uncertainty over the impact of COVID-19 and the financial settlement announcement currently only covering one year. The additional one-off government funding for 2021/22 enabled a balanced budget to be set in February. The new administration is realigning the budget to reflect its manifesto commitments (i.e. reduced car parking charges) and maintaining the balanced budget. However, there remains a considerable gap of around £3.2m to be addressed over the period of MTFS up to 31 March 2024. Given the in-year challenges and those anticipated looking forward (including those raised as the result of Covid-19) we believe a residual VFM risk in respect of planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions remains. We will review the Council's Medium Term Financial Strategy and financial monitoring reports and assess the assumptions used and savings being achieved. We will keep the Audit and Standards Committee updated with our assessment.	We have raised questions with management and awaiting these responses and will complete our work on the Value for Money by the end of November 2022.

4. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see Transparency report 2020 (grantthornton.co.uk)

Service	Fees £	Threats	Safeguards
Audit related			
Housing Benefit subsidy certification 2020/21 (May 2021 – February 2022)	20,400	For these audit-related services, we consider that the following perceived threats may apply: • Self Interest (because these are recurring fees) • Self Review • Management	The level of recurring fees taken on their own is not significant in comparison to the confirmed scale fee for the audit of £41,086 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, each is a fixed fee and there is no contingent element to any of them. These factors all mitigate the perceived self-interest threat to an acceptable level. Our team has no involvement in the preparation of the form which is certified, and do not expect material misstatements in the financial statement to arise from the performance of the certification work. Although related income and expenditure is included within the financial statements, the work required in respect of certification is separate from the work required to the audit of the financial statements, and is performed after the audit of the financial statements has been completed. The scope of work does not include making decisions on behalf of management or recommending or suggesting a particular course of action for management to follow. Our team perform these engagements in line with set instructions and reporting frameworks. Any amendments made as a result of our work are the responsibility of informed management.
Certification of Pooling of Housing Capital Receipts 2020/21 (January 2022)	2,300		
Housing Benefit subsidy certification 2019/20 (May 2020 – January 2021)	13,800		
Certification of Pooling of Housing Capital Receipts 2019/20 (January 2021)	2,300		
There were no non-audit related services			

These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. All services have been approved by the Audit and Standards Committee. None of the services provided are subject to contingent fees.

Appendices

A. Action plan – Audit of Financial Statements

We have identified a number of recommendations for the Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2021/22 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
High	Valuer's Reports (also present in 2019/20) We note that the internal valuer's report is light on detail, showing the values of the assets, along with a statement to confirm that the valuation is in line with RICS guidance, and a signature of the valuer.	The internal valuer's report should include detail on the methods and assumptions used in forming their valuation. This will allow management to challenge the methods and assumptions that the valuer has used to ensure they are satisfied with the estimate. Management Response Management will review the methodology and detail included within the valuation documentation
High	Finance team capacity (also present in 2019/20) Many audit queries were dealt with and co-ordinated by one member of the finance team, which creates a significant amount of additional work for that individual in servicing the audit and creates a 'key person' risk for the Council.	The roles and responsibilities within the finance team should be fairly distributed between the finance team. Management Response The impact of 'key person' risk has been detrimental to completion of the Statement of Accounts for 2020/21. Training and a full review of the service will be undertaken for the 2021/22 Accounts.
High	Journals 1) Journals are not authorised prior to posting to the general ledger which could lead to journals being posted incorrectly. 2) The Council continues to have super users that can post transactions as another user. This is not monitored and so there is a risk that the super users could post transactions as some one else without that person knowing.	The Council should introduce authorisation of journals. The Council should monitor closely the access of super users to ensure that they are acting in good faith with their increased access to the system. Management Response In line with the review of the finance function noted, this risk will be considered

A. Action plan – Audit of Financial Statements (continued)

Assessment	Issue and risk	Recommendations
Low	Declarations of interest At the end of March 2021 not all declarations had been received by members. This gives rise to a risk that decisions are made by the Council without taking into account any conflict of interests.	All declarations should be completed by members and senior officers to ensure that all interests are recorded and effective decisions can be made without bias. Management Response Process of collation of declarations is under review for the 2021/22 Accounts
Low	Fully depreciated assets There are a number of vehicles, plant & equipment assets, that have no assigned remaining life and / or are fully depreciated (approximate estimate of £2.1m). Whilst there is no impact on the PP&E opening or closing bottom line values in the Balance Sheet, these assets are grossing up the amounts within the disclosure notes within the accounts for gross cost and accumulated depreciation.	We recommend that management should: • review fully depreciated assets on an ongoing basis to consider whether they are still in operational use, or whether they need to be removed from Asset Manager (or kept at nominal value if the Council needs to retain the record) and the accounts, and • Annually review Useful Economic Life assessments, particularly for assets with an expiry date due over the coming 12-24 months and reconsider remaining life upon which depreciation is based in accordance with paragraph 51 of IAS 16 – Property, Plant & Equipment Management Response Management will perform a housekeeping exercise which will be reviewed after the completion of 2021/22 to determine whether any changes to the processes are necessary
Medium	Asset Manager The 'Asset Manager' system, which holds information on the assets of the Council, is not currently in agreement with the general ledger for assets which have been revalued. There is a risk that the financial statements are misstated in relation to Property, Plant and Equipment if this is not rectified in future years.	As shown in Appendix C we identified an error whereby the Asset Manager system was not in agreement with the general ledger. This lead to a misstatement in the financial statements. The Council should review their Asset Manager system to ensure it is bought in line with the general ledger. Management Response The impact of 'key person' risk has been detrimental to completion of the Statement of Accounts for 2020/21. This has been the cause of this issue, therefore, training and a full review of the service will be undertaken for the 2021/22 Accounts.

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

B. Follow up of prior year recommendations

We identified the following issues in the audit of Nuneaton and Bedworth Borough Council's 2019/20 financial statements, which resulted in two recommendations being reported in our 2019/20 Audit Findings report. We have followed up on the implementation of our recommendations and note that both are still to be completed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X (Partial)	Valuer's Reports We note that the valuer's report is light on detail, showing the values of the assets, along with a statement to confirm that the valuation is in line with RICS guidance, and a signature of the valuer.	Whilst this improved for the external valuer's the internal valuer's reports remain light on detail and therefore should be improved for 2021/22.
X (Partial)	Finance team capacity Many of our queries are dealt with and co-ordinated by one member of the finance team, which creates a significant amount of additional work for that individual in servicing the audit.	We faced significant challenges during 2020/21 due to the capacity of the finance team. This has lead to delays in the audit and will also impact 2021/22. We do recognise that the Council now has a new Head of Financial Services and Director of Finance which we anticipate will lead to a more efficient audit for 2021/22.

Assessment

✓ Action completed

X Not yet addressed

C. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2021.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on (surplus) or deficit on provision of services £'000
Increase in the valuation of the Pingles Stadium due to a calculation error made by the valuer. Dr Property, Plant and Equipment Cr Usable Reserves	-	713	-
Reduction in the business rates appeals provision due to a change in legislation which meant that the Council no longer needed to provide against potential losses for material changes in circumstances. Dr Provisions Cr Operating Expenditure	(710)	710	(710)
The Gresham Road valuation was not correctly accounted for in the revaluation reserve and the CIES. This does not affect the general fund balances of the Council. Dr Revaluation Reserve Cr Property Plant and Equipment Cr Capital Adjustment Account	-		
There are four assets in the opening balances which are not assets owned by the Council. The Council did works on the assets many years ago under an agreement which provided the Council with ownership of the assets. However, the agreement was terminated in 2007 and the assets should have been disposed of as they transfer back to the County Council. Dr Capital Adjustment Account Cr Property, Plant and Equipment			
Overall impact	(710)	1,413	(710)

C. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Auditor recommendations	Adjusted?
We have identified various trivial presentation matters.	These items include changes to; references, prior year values to remain consistent with the audited financial statements of the prior year and corrections to the amounts included in the notes to agree to the primary financial statements.	✓
Sherborne Recycling Limited	The Council approved a loan of £4.4m to Sherborne Recycling Limited as part of a local government company owned by 8 partners. The Council have shares of £96k. Given the size and nature of the transaction additional disclosure would assist readers of the accounts.	✓
Reclassification of Arts and Leisure and Finance and Civic Affairs within the CIES.	The Council reclassified their coding between Arts and Leisure and Finance and Civic Affairs in 2020/21, the Council are currently determining the impact on the comparative values within the CIES. If this is material a prior period adjustment will be required. This will not impact the net cost of services.	TBC

C. Audit Adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2020/21 audit which have not been made within the final set of financial statements. The Audit and Standards Committee is required to approve management's proposed treatment of all items recorded within the table below

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
Property, Plant and Equipment There was one addition in year which was accounted for at the incorrect value. The error has been extrapolated to identify whether there was potential for a material uncertainty. The error was for £10k from a total sample tested of £290k. The total population is £4.9m.	-	(171)	-	This is an extrapolation and therefore not possible to adjust. The balance is also not material.
Property, Plant and Equipment There are four assets in the opening balances which are not assets owned by the Council. The Council did works on the assets many years ago under an agreement which provided the Council with ownership of the assets. However, the agreement was terminated in 2007 and the assets should have been disposed of as they transfer back to the County Council. We have therefore extrapolated these errors over the total untested population. The error rate was xxx% and the residual population was £xxx.	-	-	-	The total population not tested is below performance materiality and therefore could not be materially misstated. The Council are going to review these assets within 2021/22
Annual Leave Accrual The Council has a policy that 5 days of annual leave can be carried forward in to the next year. The calculation currently shows 7 days on average being carried forward.	(127)	127	(127)	This is an estimate which is not materially incorrect. This does not impact the Council's General Fund as there is a statutory override which takes this to un-usable reserves.
Operating Expenditure One item was identified where the sample item covered two financial years but this was not correctly recognised in both years. The error value was £169 from a sample tested value of £61k and a population value of £34.1m	(94)		(94)	This is an extrapolation
Overall impact	TBC	TBC	TBC	

C. Audit Adjustments

Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2019/20 financial statements

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
Council dwellings have been included in the incorrect beacon meaning the incorrect value has been applied	0	(341)	0	This is an extrapolated error and so is an estimate. It is not practical at this stage to review every house within the beacons however it is recommended that management review their beacon classifications to ensure the houses are in the correct beacon for future years.
Investment property revaluations not processed within the financial statements	207	(207)	0	This is immaterial and therefore has not been adjusted by management. It is recommended that clear communication between the valuer and management is maintained to ensure all assets requiring a revaluation are captured within the valuation.
Overall impact	**£207**	**(£548)**	**£0**	

D. Fees

We confirm below our final fees charged for the audit and provision of non-audit services.

Audit fees	Proposed fee £	Final fee £
Council Audit	64,086	TBC
Total audit fees (excluding VAT)	64,086	TBC

Fees for other services	Fees £
Audit related	
Housing Benefit subsidy certification 2020/21 (May 2021 – February 2022)	20,400
Certification of Pooling of Housing Capital Receipts 2020/21 (January 2022)	2,300
Housing Benefit subsidy certification 2019/20 (May 2020 – January 2021)	13,800
Certification of Pooling of Housing Capital Receipts 2019/20 (January 2021)	2,300
There were no non-audit related services	

We are currently in discussion with the Director of Finance to agree the final fee for the audit. The fee is going to increase due to the delays in receiving information which has meant that the audit has been prolonged.

E. Updated Audit letter in respect of delayed VFM work

Dear Chair of Audit & Standards Committee as TCWG,

As previously communicated to the Chair in September 2021, under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies we are required to issue our Auditor's Annual Report no later than 30 September 2021 or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation.

As a result, of the above and for the reasons outlined within our Audit Findings report our work on completing our audit of the Council's 2020-21 financial statements was further delayed which has impact upon our value for money work and we have therefore not yet issued our Auditor's Annual Report, including our commentary on arrangements to secure value for money. We now expect to publish our report no later than the 30th November 2022.

For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

Yours faithfully,

Grant Patterson

Director

grantthornton.co.uk

Independent auditor's report to the members of Nuneaton and Bedworth Borough Council

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of Nuneaton and Bedworth Borough Council (the 'Authority') for the year ended 31 March 2021, which comprise the Comprehensive Income & Expenditure Account, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the HRA Statement, the Collection Fund Income and Expenditure Statement and Notes to the Accounts. 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 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2021 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the '*Auditor's responsibilities for the audit of the financial* statements' section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Director of Finance and Enterprise's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Director of Finance and Enterprise's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Director of Finance and Enterprise's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Director of Finance and Enterprise with respect to going concern are described in the '*Responsibilities of the Authority, the Director of Finance and Enterprise's and Those Charged with Governance for the financial statements'* section of this report.

Other information

The Director of Finance and Enterprise is responsible for the other information. The other information comprises the information included in the Statement of Accounts, the Narrative Report, the Annual Governance Statement other than the financial statements, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required 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.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority, 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, the Director of Finance and Enterprise and Those Charged with Governance for the financial statements

As explained in the Statement of Responsibilities [set out on page 28], 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 2020/21, 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 there is an intention by government that the services provided by the Authority will no longer be provided.

The Audit and Standards Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant ,which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, the Accounts and Audit Regulations 2015, the Local Government Act 2003, the Local Government Finance Act 2012 and the Local Government and Housing Act 1989.

- We enquired of senior officers and the Audit and Standards committee, concerning the Authority's policies and procedures relating to:

  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

- We enquired of senior officers, internal audit and the Audit and Standards committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and any other fraud risks identified for the audit. We determined that the principal risks were in relation to:
  - journal entries that altered the Council's financial performance for the year
  - potential management bias in determining accounting estimates, especially in relation to:
    - the calculation of the valuation of the Council's land and buildings, investment property and defined benefit pensions liability valuations; and
    - accruals of income and expenditure at the end of the financial year.
- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that the Director of Finance and Enterprise has in place to prevent and detect fraud;
  - journal entry testing, with a particular focus on significant journals at the end of the financial year which impacted on the Council's financial performance.
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings, investment property and defined benefit pensions liability valuations**;**
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to land and buildings, investment property and defined benefit pensions liability valuations.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the local government sector
  - understanding of the legal and regulatory requirements specific to the Authority including:
    - the provisions of the applicable legislation
    - guidance issued by CIPFA, LASAAC and SOLACE
    - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

Report on other legal and regulatory requirements - Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Nuneaton and Bedworth Borough Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed our:

- work on the Council’s arrangements for securing economy, efficiency and effectiveness in its use of resources and issued our Auditor’s Annual Report, and
- consideration of objections brought to our attention in a prior year by local authority electors under Section 27 of the Local Audit and Accountability Act 2014. We are satisfied that these matters do not have a material effect on the financial statements or on our conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority’s members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Patterson, Director and Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

XX September 2022

APPENDIX C

Grant Thornton UK LLP
17th Floor
103 Colmore Row
Birmingham
West Midlands
B3 3AG

Date: ***

Dear Sirs

Nuneaton and Bedworth Borough Council

Financial Statements for the year ended 31st March 2021

This representation letter is provided in connection with the audit of the financial statements of Nuneaton and Bedworth Borough Council for the year ended 31st March 2021 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

i. We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

ii. We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.

iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include:
- Valuation of land and buildings
- Valuation of investment properties

- Valuation of HRA properties
- Depreciation
- Valuation of pension liability
- Significant accruals
- Fair Value of Loans
- Credit loss allowances
- NNDR appeals provision
- Other significant provisions
- Significant expenditure accruals

We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities include identifying and considering alternative methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

vii. Except as disclosed in the financial statements:

   a. there are no unrecorded liabilities, actual or contingent
   b. none of the assets of the Council has been assigned, pledged or mortgaged
   c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.

xi. We have considered the unadjusted misstatements schedule included in your Audit Findings Report. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end. The financial statements are free of material misstatements, including omissions

xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

xiv. The prior period adjustments disclosed in the financial statements are accurate and complete. There are no other prior period errors to bring to your attention.

xv. We have updated our going concern assessment. We continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that :

   a. the nature of the Council means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements

   b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and

   c. the Council's system of internal control has not identified any events or conditions relevant to going concern.

   We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

Information Provided

xvi. We have provided you with:

   a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;

   b. additional information that you have requested from us for the purpose of your audit; and

   c. access to persons within the Council both face to face and where necessary via remote arrangements, in compliance with the nationally specified social distancing requirements established by the government in response to the Covid-19 pandemic from whom you determined it necessary to obtain audit evidence.

xvii. We have communicated to you all deficiencies in internal control of which management is aware.

xviii. All transactions have been recorded in the accounting records and are reflected in the financial statements.

xix. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

xx. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council, and involves:

a. management;
b. employees who have significant roles in internal control; or
c. others where the fraud could have a material effect on the financial statements.

xxi. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

xxii. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xxiii. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.

xxiv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

xxv. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

xxvi. The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Audit and Standards Committee at its meeting on 8th August 2022.

Yours faithfully

Victoria Summerfield
Director of Finance and Enterprise & Section 151 Officer

Councillor Richard Baxter-Payne
Chair of the Audit & Standards Committee

Signed on behalf of the Council

APPENDIX D

Nuneaton and Bedworth Borough Council

Statement of Accounts 2020/21

STATEMENT OF ACCOUNTS

2020/21

Contents

Narrative Report

This 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.

As the financial statements demonstrate, the financial standing of the Council continues to be robust. We have established good financial management disciplines and processes, yet recognise that we need to adapt and change to strive for on-going improvements and excellence. The finance teams continue to work alongside all departments throughout the Council to address the significant challenges we face and support our Service Units in achieving their corporate aims and delivering an effective and efficient service to the residents of the Borough.

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 2020/21 (The Code). The Code is based on International Financial Reporting Standards (IFRS), and has been developed by the CIPFA/Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code Board overseen by the Financial Reporting Advisory Board.

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 2021. 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, and to give assurance that the financial position of the Council is both sound and secure. The narrative report details the following information and is structured as follows:

- An introduction and key facts about Nuneaton and Bedworth Borough Council
- The 2020/21 budget setting process
- 2020/21 capital programme
- Financial performance of the Council 2020/21
- Non-financial performance of the Council 2020/21
- Corporate risks
- Core financial statements
- Financial outlook
- Acknowledgments

INTRODUCTION

The Council

Nuneaton and Bedworth Borough Council is located in a primarily urban area in the north of Warwickshire, covering approximately 78.95 km^2. It covers the two densely populated towns – Nuneaton and Bedworth, in addition to the village of Bulkington and some surrounding land. It has a population of approximately 130,000 *(source Office of National Statistics)* and enjoys a central location at the heart of the midlands 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 Nuneaton and Bedworth District 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 elections in May 2018 the Council was under 'No Overall Control' with the following proportionality:

- 17 Labour
- 13 Conservative
- 3 Independent
- 1 Green

Due to Covid-19, all elections scheduled for May 2020 were deferred for 12 months and therefore the political structure remained unchanged during the financial year 2020/21.

Following the elections in May 2021 the Conservative Party took political control with the following seats allocated:

- 24 Conservative
- 7 Labour
- 2 Independent
- 1 Green

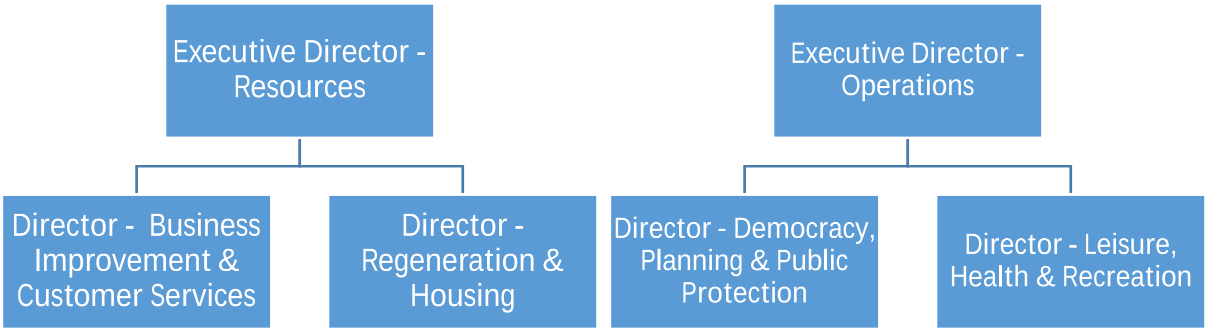
The Council has adopted the Leader and Cabinet model, as its political management structure arising from the Local Government and Public involvement in Health Act 2007. During 2020/21 the Leader of the Council and 4 other portfolio holders made up the Cabinet. The Cabinet members are held to account by a system of scrutiny which is also set out in the Council's constitution. There were two scrutiny panels during 2020/21 undertaking this role covering all the services provided by the Council. Councillor Julie Jackson was the Council Leader and was Leader for the 2020/21 municipal year.

The management structure supports the work of Councillors. Since June 2018 the Management Team consisted of two Executive Directors and 4 Directors, including those with statutory responsibility. For 2020/21 the Director – Democracy, Planning & Public Protection was the Council's Monitoring Officer, and the Executive Director - Resources 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 Executive Director – Operations was the Head of Paid Service.

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 in:

- Developing strategies and delivering plans
- Identifying and planning resources, and,
- Reviewing the Authorities 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 2020/21 with two Executive Directors leading the management team of the Council:



In April 2019 Council adopted the Delivering our Future 2019-31 strategic document which replaced the Community and Corporate Plans. In June 2019 Cabinet received a further report which incorporated the themes and priorities for the Delivering our Future Plan 2019-22.

Management Team lead on the delivery of the Plan which outlines our key themes and priorities up to 2022. Progress against the plan is monitored on a regular basis throughout each financial year. The Plan highlights three key themes for the Council, with a number of priorities sitting within each aim. Each of the themes and priorities are detailed below:

Theme 1 : Transformation – We want to take the Borough forward to reach its full potential, we want to create and develop opportunities to delivery the following priorities:

Priority 1 – Economy and Business
Priority 2 – People
Priority 3 – Housing and Communities
Priority 4 – Technology

Theme 2 : Collaboration (achieving more by working together) – We recognise the importance of working with others to deliver our vision and recognise that collaboration needs to be central to our work. Our areas of focus will be:

Priority 1 – Communities
Priority 2 – Partners, Businesses and Suppliers
Priority 3 – Employees and Elected Members

Theme 3 : Investment (making the most of what we have) – We want to build and enhance what we have already. We want to encourage investment within the following priorities:

Priority 1 – Getting the most from our assets
Priority 2 – Maximising funding
Priority 3 – Managing our resources
Priority 4 – Promoting
Priority 5 – Empowering
Priority 6 – Environment
Priority 7 – Environment (Heritage)

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

- Service for our customers
- Integrity in our actions
- Accountability for our performance
- Cooperation with Councillors, Colleagues and Partners
- Objectivity in our decisions
- Efficiency to keep overall costs down
- Confidence to try things out

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 and Recycling and operating our Leisure and 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
- Rugby Borough Council – Procurement
- Home Environment Assessment & Response Team (HEART) – A county-wide partnership to deliver disabled adaptations and home improvements. Nuneaton and Bedworth is the lead authority.
- Building Control – South Staffordshire Partnership

EXTERNAL INFLUENCES

In providing services to the residents of Nuneaton and Bedworth, the Council is affected by the following significant external factors:

- Change in consumer habits is affecting our Town Centres, and the same is being seen on a national level. Footfall continues to decline nationally and the decline of several major retailers in recent years and months will continue to create pressures on town centres both locally and nationally. Regeneration of both town centres in the Borough will be a priority for the Council in the short and medium term, with a particular focus on creating more mixed-use opportunities with less reliance on traditional retail.
- The national Welfare Reform agenda and the roll-out of Universal Credit continues to have a significant effect on our residents. We have seen an increase in our rent arrears and use of temporary accommodation, both of which have a financial impact on the council. We had already created a temporary accommodation facility in Bedworth and have now converted the Council House building into temporary accommodation, renamed Eaton House
- There continues to be uncertainty relating to the impact of UK's exit from the European Union and the economic impact nationally and locally.

WHAT WE PLANNED TO SPEND

The 2020/21 Budget

- For 2020/21 the Council needed around £1.77m of savings in order to set a balanced budget, and they included increased income from fees and charges (e.g. planning fees, green waste), subsidy savings from converting properties to be used for temporary accommodation, contract savings, increased income from shop and industrial rents and also from the Council's trading arm, Nuneaton and Bedworth Community enterprises limited (NABCEL).
- The Council chose to increase its element of the council tax for 2020/21 by 2.14% to £238.66 for a Band D. Nuneaton and Bedworth Borough Council is the Billing Authority for the area and raises the council tax charges for Warwickshire County Council and Warwickshire Police and Crime Commissioner, both of which increased their elements of the council tax by 3.99% and 4.38% respectively.
- The overriding financial strategy was to protect frontline services and minimise the impact on staff where possible.
- The Housing Revenue Account budget approved for 2020/21 included an updated capital programme including provision for the acquisition and build of new properties to replace sales incurred under Right to Buy.
- The Council reviews its reserves regularly to ensure that it maintains sufficient reserves to manage risk.

Financial Monitoring

Revenue and capital budget monitoring information is reported regularly 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. In addition, detailed treasury management performance is reported quarterly to the Audit and Standards

Committee with a mid-year review and an outturn report following the end of the financial year being submitted to Cabinet and Council. The Council is also a member of the Link Services investment benchmarking group, which has helped it to secure increased investment income during the year through meeting with other councils and comparing individual investment portfolios and returns.

FINANCIAL PERFORMANCE – WHAT WE ACTUALLY SPENT

General Fund Outturn Summary

The Council's budget, set in February 2020, was based on the spending plans required to deliver services to our residents. As the year progressed there were a number of changes in terms of those spending and income plans. In summary, the Council contributed £99k to balances compared to the budgeted contribution of £18k. A summary of the General Fund outturn for 2020/21 is shown in the table below:

	BUDGET 2020/21 £000	OUTTURN 2020/21 £000	VARIANCE 2020/21 £000
Portfolio Analysis:			
Arts, Leisure and Economic Development	5,611	5,023	(588)
Central Services and Refuse	5,100	5,335	235
Finance and Civic Affairs	5,300	5,604	304
Housing, Health and Communities	1,494	1,487	(7)
Planning and Development	1,066	778	(288)
Portfolio Total	**18,571**	**18,227**	**(344)**
Central Provisions	335	324	(11)
Reversal of Depreciation and Impairment	(3,118)	(2,882)	236
Contributions to/(from) Reserves	(2,581)	7,403	9,984
Financing of Capital Expenditure	5,029	2,641	(2,388)
PWLB Premiums	21	21	-
Investment Income	(109)	(186)	(77)
Minimum Revenue Provision	482	427	(55)
Interest Payable	563	424	(139)
Council Net Expenditure	**19,193**	**26,399**	**7,206**
Financed by:			
NBBC Council Tax Precept	(9,168)	(9,168)	-
New Homes Bonus	(1,622)	(1,622)	-
Other Grants	(2,856)	(4,247)	(1,391)
NBBC Share of Council Tax Surplus	(151)	(155)	(4)
Business Rates Retention	(5,414)	(11,306)	(5,892)
Total Funding	**(19,211)**	**(26,498)**	**(7,287)**
2020/21 Transfer from/ (to) General Fund Balances	**(18)**	**(99)**	**(81)**

The main variations between actual and budgeted expenditure are detailed below:

General Fund - Key Variances Analysis	**£000**
Overspends/ Under-recovery of income:	
Reduced benefit overpayments identified as more movement to Universal Credit	547
Net Subsidy losses including significantly increased cost of temporary accommodation leading to losses in subsidy received from DWP	437
Car park income losses	244
Increased contribution to bad debts provision due to COVID-19 risks	133
NDR on void commercial properties	93
Increase insurance premiums/ claims	81
Additional recycling contract costs (net of income from sale of recyclate)	68
Increase transport costs within refuse due to increasing fuel charges and additional collections due to COVID-19	56
Increase in bank charges due to increased online card payments	54
Reduced licenses income (mainly taxi fees)	42
Additional NDR charge on car parks	18
Subtotal	**1,773**
Underspends/ Over-recovery of income:	
Salary savings (net of agency costs)	(656)
WCC Grant income to support COVID-19 pressures	(320)
Reduction in Depreciation charges	(236)
Community Recreation - reduced COVID-19 support measures to contractor and additional grant income	(148)
Additional green waste fee income	(141)
Additional commercial/ industrial rental income	(109)
Additional Discretionary Housing Payment grant	(95)
Predicted contribution to Building Control Partnership not required	(83)
Additional income on Cemeteries	(47)
Civic Hall underspend	(46)
Savings in Grounds Maintenance costs	(44)
No town centre events due to COVID-19	(44)
Reduced cost of Camp Hill support contribution	(42)
Savings on utility costs on corporate buildings	(35)
Reduced costs on printing and postage	(27)
Rental income from Civic Hall being used as COVID-19 testing/ vaccination centre	(22)
Settlement of legal claim (net of costs)	(17)
Reduced IT licenses	(5)
Subtotal	**(2,117)**
Net Portfolio Variance	**(344)**
Reversal of Depreciation charged to services	236
Net treasury management savings (interest plus MRP) due to deferral of new debt and improving returns on property fund and notice accounts	(270)

General Fund - Key Variances Analysis	**£000**
Earmarked Reserves - Contribution re Collection Fund Deficit timing (S31 + Tax Guarantee)	5,387
Earmarked Reserves - Contribution to Covid risk reserve	500
Earmarked Reserves - Contribution to Business Rates Retention Volatility Risk Reserve	499
Earmarked Reserves - Contribution to Financial Planning Reserve to support General Fund	503
Earmarked Reserves - Top up for other reserves (originally identified to support Covid pressures)	264
Earmarked Reserves - Reduced call on other reserves to support revenue expenditure	438
Retained business rates (incl additional S31 grant to support Covid reliefs)	(5,892)
Additional Government Grants received (incl' Covid-19 and EU Exit Preparation Grants)	(1,391)
Other items	(11)
Final Net Variance	**(81)**

It should be noted that the substantial under recovery of Housing Benefit on temporary accommodation is due to the operation of the national Housing Benefit Subsidy system. The Council has seen a significant increase in the demand for temporary accommodation over the last few years but is only able to reclaim a small proportion of the cost from the Department of Work and Pensions.

The General Fund also holds earmarked reserves of approximately £18.5m for future commitments and risk management purposes. This includes reserves to fund future capital replacements as well as a reserve to manage fluctuations in business rates income. There is also a reserve of £5.4m set aside from Section 31 grants received from Central Government to mitigate the substantial loss of income from business rates due to the additional reliefs that were granted to businesses during the Covid-19 pandemic. These losses will be charged to the General Fund over future years and this reserve will be used to cover these losses. These levels are considered prudent to ensure that the Council continues to deliver quality services to the residents of the borough.

Housing Revenue Account

The HRA general balance as at 31st March 2021 is £6.5m which will support the HRA Business Plan in future years. There are also earmarked reserves of £4.1m, which are primarily to finance the HRA capital programme in the medium term and cover risk, and resources held in the Major Repairs Reserve of £1.6m which is ring-fenced for capital purposes.

For 2020/21 there was a reduction in HRA balances of £289k compared to a budgeted reduction of £288k. A summary of this compared with the approved budget is shown below:-

HRA Outturn Summary

	BUDGET 2020/21 £000	OUTTURN 2020/21 £000	VARIANCE 2020/21 £000
Expenditure			
Supervision & Management (General)	5,260	5,009	(251)
Supervision & Management (Special)	3,859	4,284	425
Repairs & Maintenance	5,136	5,178	42
Depreciation	8,461	8,360	(101)
Capital Expenditure	1,793	409	(1,384)
Interest Payable	2,397	1,937	(461)
Total Expenditure	**26,906**	**25,176**	**(1,730)**
Income			
Dwelling Rent Income	(23,037)	(23,278)	(241)
Non-Dwelling Rent Income	(589)	(571)	18
Other Income (Services & Facilities)	(2,066)	(1,940)	126
Interest Receivable	(47)	(23)	24
Total Income	**(25,739)**	**(25,907)**	**(168)**
HRA Net Expenditure	**1,167**	**(731)**	**(1,898)**
Adjustments			
Voluntary Contribution to Major Repairs Reserve	0	1,485	1,485
Transfers to/ (from) Earmarked Reserves	(879)	(465)	414
Total Adjustments	**(879)**	**1,020**	**1,899**
Net HRA	**288**	**289**	**1**

Major differences between the budget and the outturn were as follows:

HRA Key Variances 2020/21	**£000**
Overspends/ Under-recovery of income:	
Cost of urgent security/ fire safety services (funded from earmarked reserves)	594
Additional contractor costs within repairs and maintenance due to vacancies with teams	299
Additional cost of insurance and compensation payments	138
Additional council tax payments on voids	111
Other income below budgeted amounts	65
Income from Independent Living Schemes below budget (was adjusted by £90k during year)	58
Investment interest	24
Net other minor variances	21
Reduced garage rents income due to voids	19
Total overspends/ under-recovery of income	**1,329**
Underspends/ Over-recovery of income:	
Interest payable below budget as new debt deferred due to capital slippage and option to increase under borrowed position	(460)
Salary underspends across HRA (net of agency spend)	(378)
Increased dwelling/ hostel rent income in part due to use of void properties to support homeless provision	(241)
Grounds maintenance savings due to COVID-19 preventing works plus contract savings	(180)
Consultancy budget underspends as works deferred	(170)
Material savings within Repairs service	(129)
Green Homes grant plus Improvement & Development Agency grant income to support revenue costs	(95)
Reduced legal fees due to COVID-19 preventing court action	(79)
Star Survey deferred to 2021/22	(10)
Total underspends/ over-recovery of income	**(1742)**
Capital Financing Items:	
Reduced depreciation charges *(depreciation charges are contributed to the Major Repairs Reserve and are ring-fenced for capital spend)*	(101)
Reduced capital spend financed by HRA revenue due to slippage	(1,384)
Voluntary contribution to the Major Repairs Reserve to fund capital slippage in 2021/22	1,485
Total capital financing items	**0**
Reduced contribution from Earmarked Reserves	414
Net Variance	**1**

2020/21 Capital programme

During 2020/21 the Council spent £10.5m on General Fund capital expenditure and £15.1m through the Housing Revenue Account

The major projects in the General Fund have been

- The purchase of properties to lease totalling £2.2m. These assets will generate revenue rental income for the Council in future years.
- The continuation of the Camp Hill regeneration scheme required the purchase of properties for demolition (fully funded by external contributions by the developer) which totalled £1.4m.
- £0.9m was spent completing works to convert the Council House building to a facility to provide temporary accommodation to ease homeless pressures within the Borough.
- Approximately £3.3m was spent as part of the HEART programme in delivering private sector home improvement grants across the county for which NBBC is the lead organisation.

The HRA capital programme focused on the ongoing improvement works to tenant's homes, in respect of kitchens, bathrooms, windows, doors, central heating and structural repairs, amongst others. Included in the overall spend of £15.1m was £1.4m spent on acquisitions generating 11 additions to the housing stock, and £1.6m on construction costs of new build dwellings. A total of 12 new build properties were bought into use during 2020/21.

NON-FINANCIAL PERFORMANCE OF THE COUNCIL 2019/20

What we achieved during the year

The Delivering our Future Plan outlines the Council's strategic plan, themes and priorities over the period up to 2022. The indicators are monitored regularly and are reported to Management Team, Cabinet and Overview and Scrutiny Panels. By the end of 2020/21 45 of 78 actions were achieved equating to 58% (64% for 2019/20).

Some key achievements from this include:

- Submitted business case for Future High Street Fund to support town centre regeneration with funding awarded.
- Submitted Town Investment Plan as part of Towns Fund programme with funding granted by central government
- Secured external Green Homes Grant funding for private sector dwellings and council owned dwellings to facilitate opportunities to improve domestic energy efficiency.
- Continually working with partners to reduce the levels of rough sleeping within the borough
- Increased turnover in NABCEL through expansion into new work streams.

Of the remaining 33 actions, 10 are classed as Red and these are detailed below:

DELIVERING OUR FUTURE REFERENCE	DESCRIPTION	ACTION(S) / COMMENTS
Theme 1, Priority 1 Transformation, Economy and Business	Implement a coherent strategy for promoting the Borough - Adopt a Marketing Strategy for the borough	Awaiting the recruitment of appropriate Economic Development staff. Focus has been on Pandemic Recovery.
	Increase the level of economic activity within the borough - Review the Local Discount Scheme	Framing of schemes and payments (for ARG) prioritised due to COVID-19.
Theme 1, Priority 2 Transformation, People	Deliver the first phase of an early intervention project to improve financial capability in JSNA priority areas - Set up regular advice sessions by Financial Independence Officers (FISO) out in the local areas. E.g. attending in local community settings and also identify any specific needs as a result of COVID19	The impact of Covid-19 has meant that we have been unable to start our promotion of our 'drop-in sessions' out in the community. We have started looking at where we can have the meetings when Covid-19 allows this type of session. We are looking at new venues and hope to resume full promotion in the new Financial Year 21/22.
Theme 1, Priority 3 Transformation, Housing and Communities	Continue to deliver the Council's Development & Acquisition Strategy – Submit Planning Applications for a further 3 sites for the Council's new build programme	Application submitted for two sites Vale View and Byford Court. Three more sites being progressed.

DELIVERING OUR FUTURE REFERENCE	DESCRIPTION	ACTION(S) / COMMENTS
Theme 1, Priority 4 Transformation, Technology	Have increased the number of services available online and the number of Self accounts created - Increase the use of the Open Portal for customer access to their Revenues and/or Benefits accounts online by 10%	There has been a major impact due to Covid-19. We have as yet not been able to complete the work required on the Portal to enable customer's better access to online forms. This has also suspended any possible campaigns we were hoping to commence in this financial year so far. The extra demand put on to the teams from central government regarding new grant payments has taken up resources.
	Reduce levels of outgoing post by 20% - Undertake a take-up promotion to increase customer Direct Debit take-up by 5% due to target not being met last year	The pandemic has also resulted in the suspension of possible campaigns we were hoping to commence in this financial year. The extra demand put on to the teams from central government regarding new grant payments has taken up precious resources.
Theme 2, Priority 3 Collaboration, Employees and Elected Members	Have in place an online system for collecting employee feedback, comments, and suggestions - Launch and report on a refreshed Employee Survey	Employee Survey suspended linked to pandemic improvement – second HR welfare survey to be undertaken.
Theme 3, Priority 2 Investment, Maximising funding	Deliver the first phase of the Corporate Commercial Strategy - Have in place a Corporate Commercial Strategy and action plan	Awaiting the recruitment of appropriate Economic Development staff – structure under review. Focus has been on Covid-19 support.

DELIVERING OUR FUTURE REFERENCE	DESCRIPTION	ACTION(S) / COMMENTS
Theme 3, Priority 3 Investment, Managing our resources	To maximise future contributions to infrastructure development through the Community Infrastructure Levy (CIL) and s106 contributions - Submit draft charging schedule for examination	Consultation complete. With respect to submission of draft charging schedule officers are reviewing the likely CIL return in light of consultation responses. Item has been added to the Forward Plan to recommend to Members the next steps regarding CIL. Submission of CIL is not in line with the adopted Local Development Scheme.
Theme 3, Priority 6 Investment, Environment	Implement the Air Quality Action Plan and monitor trends in air quality - Review the current Air Quality Action Plan	Work associated with Covid-19 pandemic has prevented progress with this task. 1st and 2nd Steering group meeting have taken place and draft action plan is currently awaited from consultants. On receipt will be submitted to Defra for approval followed by political approval. Completion likely summer 2021.

During 2020/21 there were two Overview and Scrutiny Panels (OSP's) covering all services provided by the Council:

- Internal – with a focus on Council services
- External – with a focus on external bodies that operate or have an impact upon the Borough

The Panels receive specific quarterly finance and performance reports for the services falling within their remit. Both Management Team and the OSP review performance and reasons for any significant variances to targets, with actions or mitigations considered and agreed where appropriate. The performance of some of our key services reported to the Panel are given below:

MEASURE	2019/20 PERFORMANCE	2020/21 PERFORMANCE (Target)
1. Business Improvement		
The percentage of complaints responded to within 10 days. This includes interim acknowledgement where the issue is not resolved in full.	94%	97% (95%)

MEASURE	2019/20 PERFORMANCE	2020/21 PERFORMANCE (Target)
Number of days lost per FTE due to absence: - Short term absences - Long term illness - Total number of days	 3.87 days 5.64 days 9.51 days	 2.77 days (3.50) 5.36 days (5.25) 8.13 days (8.75)
Percentage of invoices from suppliers paid within 30 days of receipt	95.09%	98.16% (95-100%)
2. Planning and Environment		
Planning Permission for affordable homes (25% good performance benchmark).	24.3%	27% (25%)
Average time to process planning applications (days)	81.84 days	87.93 days (no target)
The percentage of household waste which has been sent by the Council for recycling / composting	35.05%	36.20% (33-40%)
3. Housing		
The percentage of Council dwellings with a valid landlord gas safety certificate (there is a requirement to renew certificates every 12 months).	99.11%	97.89% (97-100%)
Relet of property end to end time (turn-round is measured "end to end" from keys received from out-going tenant to new tenancy date).	34 days	48 days (no target)
The percentage of sheltered housing alarm calls responded to within 60 seconds.	98.00%	99.00% (99-100%)
4. Finance		
Rent collection.	95.53%	No data available due to replacement housing system. However, 1st quarter 2021/22 was 94.77%
Council Tax collection.	96.84%	97.23% (97-100%)
Business Rates collection.	97.40%	96.75% (98-100%)
Speed of processing new benefits claims.	19.16	18.75 (22 days)

MEASURE	2019/20 PERFORMANCE	2020/21 PERFORMANCE (Target)
Speed of processing changes of circumstances benefits claims.	6.26 days	7.20 days (9 days)
The percentage of Council owned commercial property that is occupied.	91%	91% (95%)

CORPORATE RISKS

The Council has an embedded process to manage risks and assist the achievement of its objectives, alongside many local performance targets. Risk is managed corporately through the Strategic Risk Register and Directors are responsible for managing their Operational Risk Registers. These risk registers play an integral role to support the production of the Corporate Plan, and is the methodology used for managing our risks. The Audit and Standards Committee reviews the strategic risk register to ensure that it adequately addresses the risks and priorities of the Council and also monitors the effective development and operation of risk management across the Council. Additionally, the Overview and Scrutiny Panels also receive quarterly reports on the strategic risk register as part of the integrated performance reports.

The Council Strategic Risk Register identifies 18 ‘live risks’ with 3 being highlighted as ‘Red’ after mitigations.

The “net red” risks are:

- Potential failure to provide adequate accommodation to meet the needs of the borough with consequent impact on the lives of residents
- Failure to maintain the economic vibrancy of the borough / town centres
- Pandemic – service, social and economic implications

Of the remaining 15 risks, 6 are listed as ‘Amber’ (33%) and 9 ‘Green’ (50%).

COMMERCIAL ACTIVITY

The Council established a trading arm in 2013 – Nuneaton and Bedworth Community Enterprises Ltd (NABCEL). This was an element of the Council’s long-term strategy to become self-financing and generate additional income that the council could use to protect priority services. 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 34 page 95.

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. More detailed information on the Council's governance arrangements can be found in the Annual Governance Statement on page 120 of these accounts.

THE FINANCIAL STATEMENTS

The Council's accounts for 2020/21 are set out on pages **Error! Bookmark not defined.** to 118 and consist of the following:

- **The Core Financial Statements:**

  - ***The Comprehensive Income and Expenditure Statement*** – This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils 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.
    - A deficit of £17.0m on the provision of services is reported for 2020/21 compared to a deficit of £20.1m for 2019/20.
  - ***The Movement in Reserves Statement*** – This statement shows the movement in the year on the different reserves held by the Council (including both General Fund and HRA), analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.
    - The Movement in Reserves Statement shows a £5.4m increase in usable resources for 2020/21. The balance of these usable reserves stood at £38.8m as at 31st March 2021.

  - ***The Balance Sheet*** – The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. Key items are:
    - ***Long Term Assets*** – The Council holds property, plant and equipment assets of £275m (£267m 2019/20) mainly due to Council Dwellings of £225m (£210m 2019/20).

    - ***Borrowing Facilities*** – The Council borrows funds where necessary to meet both long term capital expenditure commitments and short term cash flow demands. Funds are mostly borrowed from the Government (Public Works Loans Board – PWLB) and from commercial money markets. The total borrowing at 31st March 2021 was £73.2 (£77.7m in 2020).

    - ***Pensions*** – The pension fund deficit has increased in the year to £63m from £49m and is required to be shown on the Balance Sheet of the Council. The increased deficit is in part due to the discount rate used in assessing liabilities having fallen compare to the previous year which will result in a significant loss on the balance sheet. This has been mitigated partly through investment returns being greater than expected.

- ***The Cash Flow Statement*** – summarising the inflows and outflows of cash arising from the Council's transactions with third parties for revenue and capital purposes.

- ***The Expenditure and Funding Analysis*** is actually a note to the accounts (Note 7) and not one of the core statements. This note takes the net expenditure that is chargeable to taxation and rents and reconciles it to the Comprehensive Income and Expenditure Statement. 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 Comprehensive Income and Expenditure Statement.

- **Other Financial Statements:**

  - ***The Housing Revenue Account (HRA)*** - reflects the statutory requirement to maintain a separate account for Council Housing.
  - ***The Collection Fund*** – this fulfils the Council's statutory requirement as a billing Authority to maintain a separate Collection Fund showing transactions for Council Tax and Non-Domestic Rates and how these have been distributed to precepting authorities and the General Fund.

Main Changes to the Accounts 2020/21

There have been no changes to the format or disclosure requirements of the accounts for 2020/21.

RESPONSE TO THE CORONAVIRUS PANDEMIC

The Pandemic remains a significant challenge to councils and the Prime Minister, following an impromptu attendance at a Council Leaders & Chief Executives briefing, praised Local Authorities for their continued efforts.

The Council continued to support vulnerable people, deliver critical front line services and scaled-up its response to COVID-19 during the year including the payment of significant levels of grants to local businesses, individuals through the test and trace scheme and expanded businesses rates relief to retail, hospitality and leisure businesses.

Importantly, the COVID-19 emergency, tested the Council's ability to move at pace, prioritise its service delivery and demonstrate its core values & purpose. Successfully the Council was able to: -

- Continue the delivery of all critical front line services. Specifically refuse and cleansing, housing services and housing benefits.
- Utilise Council resources effectively, with a significant shift to digital working solutions as well as the proactive and dynamic management of demand through deployment and combinations of home and agile working
- Support our most vulnerable through preventing homelessness and helping people access suitable housing amidst major Government initiatives including the "everyone" in campaign

The government has provided a range of financial support packages throughout the COVID-19 pandemic. These include additional funding to support the cost of services or offset other income losses and also grant packages to be paid out to support local businesses - administered by local billing authorities e.g. the Small Business Grant Fund; Retail, Hospitality and Leisure Grant Fund; multiple Local Restrictions grants i.e. open, closed, sector, additional. Billing authorities are responsible for paying over the grants to the businesses and are then reimbursed by government using a grant under Section 31 of the Local Government Act 2003 (S31). Some of the schemes are fully reimbursed, others are a set allocation.

The Council has considered the nature and terms of the various COVID-19 measures in order to determine whether there is income and expenditure to be recognised in the Comprehensive Income and Expenditure Statement (CIES) in 2020/21 with regard to the general principle of whether the authority is acting as the principal or agent.

Where the Council is administering the distribution of the grant, is fully reimbursed for delivering that funding (and the authority is not liable for any overpayments), the amount of the award is predetermined based on business rate relief or rateable value, this indicates that the authority is acting as an intermediary for the Department for Business, Energy and Industrial Strategy (BEIS) and does not have 'control', accounting as an agent would be appropriate. Similarly, this is also the case for the Test and Trace grants awarded as an agent for the Department for Work and Pensions (DWP).

The grant has not been reported as income and expenditure, and balances relate only to sums due to or from the authority.

Where the Council has discretion over the businesses to support and the amount of the award, it is acting as a principal as opposed to acting as an agent, and transactions have been included in the financial statements.

The following table summarises the position for each of the grant support schemes.

Grant	**Government Funding**	**Grants Paid**
	£000	**£000**
Small Business Grant Fund (to August 2020)	11,810	11,810
Retail, Hospitality & Leisure Grant Fund (to August 2020)	7,240	7,185
The Local Restrictions Support Grant (Closed)	6,951	4,381
Christmas Support Payments	38	31
Closed Business Lockdown Payment	4,689	2,871
Total Agent (BEIS)	**30,728**	**26,278**
Test & Trace Support Payment Scheme	358	139
Total Agent (DWP)	**358**	**139**
Additional Restrictions Grant (ARG)	3,751	1,500
Local Authority Discretionary Grant Fund (to August 2020	719	719
The Local Restrictions Support Grant (Open)	22	9
Total Principal (BEIS)	**4,492**	**2,228**

FINANCIAL OUTLOOK

General Fund

When Council approved the 2020/21 Budget in February 2020, future levels of funding for the Council were uncertain pending the most significant changes in Local Government funding for a generation. The reforms were planned to be in place by 2020/21 but were deferred until 2021/22. The Government has confirmed that the longer-term reforms for the local government finance system (including the move to 75% **Business Rates Retention** and **Fairer Funding Review** of Relative Needs and Resources) will be deferred again as a result of the COVID-19 pandemic, although no timescales have been released. In addition, the next planned national **Business Rates Revaluation**, planned for 2021 has now been deferred to 2023.

On 21st July 2020, the Chancellor launched the 2020 Comprehensive Spending Review (CSR). The aim of the Review, which was to have been published in the autumn, was to set out the government's spending plans for the parliament – UK Government departments' resource budgets for the years 2021/22 to 2023/24 and capital budgets for the years 2021/22 until 2024/25, and devolved administrations' block grants for the same period. However, on 21st October 2020, the Treasury formally announced that the Spending Review would be narrowed in scope to cover one year only, setting departments' resource and capital budgets for 2021/22. The NHS, schools, and 'priority infrastructure projects' (e.g. HS2 and hospital building) will still be fully funded for multi-year resource settlements.

Previously, the Chancellor confirmed that departmental spending (both capital and resource) would grow in real terms across the CSR period and that the government would deliver on the commitments made at Budget to level up and invest in the priorities of the British people. Given the impact COVID-19 has had on the economy, the Chancellor was clear there would need to be tough choices in other areas of spending at the review. As part of their preparations for the CSR departments were asked to identify opportunities to reprioritise and deliver savings. Departments were also required to fulfil a series of conditions in their returns, including providing evidence they are delivering the government’s priorities and focussing on delivery.

The Government had previously said it would keep an open dialogue with the local authorities about the best approach to the next financial year, including how to treat accumulated business rates growth (pending the planned business rates baseline reset) and the approach to the 2021/22 local government finance settlement. It was announced as part of the Spending Review, and has now been confirmed as part of the settlement, that that there will be no reset for 2021/22 however, no papers were published but the Secretary of State confirmed a commitment to the Fair Funding Review and the business rates reset; but in answering questions from MPs he indicated only that there “may be an opportunity next year” to bring forward proposals for reform and he confirmed that he did not know when reform would be implemented.

It is also the Government’s intention to look again at the New Homes Bonus for 2022/23 and explore the most effective way to incentivise housing growth. They are consulting on proposals prior to implementation. In the longer-term, the Government remains committed to reform and want to take time to work with local authorities to make sure that the approach is right following the planned reviews.

As a nation we are likely to feel the consequences of the COVID-19 pandemic, and the measures to contain and mitigate its effects, for years to come. The extraordinary events we are living through follow a decade of austerity, triggered by the financial crisis of 2008/09, which had already placed considerable strain on local authorities’ finances.

Increased demand for many local public services, directly related to the outbreak of the virus, placed immediate pressure on authorities’ cash flows and expenditure budgets. The longer-term consequences of recession and unemployment on demand for services have yet to be experienced.

No one can know what the effect of the COVID-19 crisis will have on the economy and ultimately the impact for the Council’s finances. It will be many months before we have a clearer idea on how the economy has been affected – including any lasting effects for individual businesses and their employees. Social distancing measures continue and were in place for most of the financial year – impacting mainly on the Council’s ongoing income receipts.

Measures taken to control COVID-19 are leading to heavy economic losses and this has and will continue to affect collection rates, as some individuals and businesses experience financial effects of the pandemic. The uncertainties created by the pandemic have also significantly increased volatility and uncertainty in markets. This applies not only to non-current operational and non-operational property assets held by authorities, but also to investment properties, financial assets and many assets held by pension funds.

Government has provided additional funding and the Local Government Association (LGA) and Society of District Council Treasurers (SDCT) will continue to lobby and provide evidence to MHCLG of the income and expenditure pressures that Councils face. MHCLG receive monthly financial updates from Councils.

Financial resilience is and has been the key requirement for local authorities at any time, but in the current crisis it has assumed unprecedented importance. Perhaps the biggest difficulty with the pandemic is that it is impossible to draw any conclusions about how long any effects will last.

There have been increasing demands for councils to assess their going concern status in recent years. This assessment has become more relevant with doubts being expressed about whether some local authorities will be able to deliver their full range of service commitments given the financial pressures they face and with some councils issuing warnings about their future financial viability. These concerns have gained greater weight following the COVID-19 outbreak and the significant impact that it has had on council finances. It is important to be clear that the Code of Practice under which local authorities operate confirms that councils have no ability to cease being a going concern.

It would not therefore be appropriate for local authority financial statements to be prepared on anything other than a going concern basis. However, as part of putting these accounts together, alongside its overall response to COVID-19, the Council's financial monitoring and planning has continued focus on providing assurance that its financial position remains secure. This includes looking at the COVID-19 related expenditure pressures, the direct impact on council income, assessment of any bad debt provisions and impairments required against existing debts and continued analysis of the Council's cashflow requirements. The calculation of the financial impact of COVID-19 is necessarily subjective and subject to change in the months after the balance sheet date, although early indications have highlighted an indicative gap between the financial costs to the Council and the Government grant provided to fund these (as outlined above). The length and intensity of COVID-19 related measures and society's response to the post-COVID-19 environment will determine the extent of any long-term financial impact.

The Council has maintained adequate reserves to reflect the latest assessment of risks that it faces and early budget planning ensures that a balances position is maintained.

It is evident from both the financial and non-financial performance over the last 12 months that the Council continues to achieve its corporate priorities with reduced resources. However, as referred to previously, the long term implications to the Council's finances and the overall community of Nuneaton and Bedworth from Covid-19 will require the Council to consider a "new normal" when formulating budgets and remodelling it's Medium Term Financial Plan.

Housing Revenue Account

- The HRA maintains a 30-year Financial Business Plan, which had a significant review as part of the 2021/22 budget setting process.
- The Business Plan shows that the medium and longer term position for the HRA is sustainable and viable.
- The future capital programme plans still include provision to build more council houses as well as dealing with the ongoing requirements of our existing stock. The removal of the HRA borrowing cap in the Autumn 2018 budget has provided greater opportunities to replace stock sold under Right to Buy, subject to affordability of borrowing costs and identifying suitable land.

Future Opportunities

- 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 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 with significant funding from the government's 'Future High St' fund and Towns Fund secured to assist in the delivery of these regeneration schemes.

ACKNOWLEDGEMENTS

I would like to place on record my thanks to those colleagues throughout the Council who were involved in the production of this year's Statement of Accounts. The production of this document and the ongoing hard-work and dedication of staff across the Council, particularly those within the finance team has been excellent and I would like to thank them for all of their support in recent months and throughout the financial year.

Victoria Summerfield
Director of Finance & Enterprise

Further information about the Statement of Accounts is available from the Head of Financial Services, Finance and Procurement, Nuneaton and Bedworth Borough Council, Town Hall, Coton Road, Nuneaton Warwickshire CV11 5AA.

Telephone : 024 7637 6104.
Email: craig.pugh@nuneatonandbedworth.gov.uk

This is part of the Council's policy of providing full information about the Council's affairs. In addition, 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

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 & 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 DIRECTOR OF FINANCE & ENTERPRISE

The Statement of Accounts set out on pages **Error! Bookmark not defined.** to 118 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 2021 and of its expenditure and income for the year ended 31st March 2021.

Victoria Summerfield
Director of Finance & Enterprise
Date

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 8th August 2022.

Councillor
Chair of Audit &
Standards Committee

Councillor
Vice Chair of Audit &
Standards Committee

Date 08/08/2022

This is an electronic copy without an electronic signature. The original was signed as dated above and a copy can be obtained from the Head of Financial Services.

Comprehensive Income & Expenditure Account

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

2019/20 (Restated)					2020/21		
Gross Expenditure £000	**Gross Income £000**	**Net Expenditure £000**			**Gross Expenditure £000**	**Gross Income £000**	**Net Expenditure £000**
6,949	(1,520)	5,430	Arts & Leisure		6,331	(1,145)	5,186
7,658	(2,538)	5,120	Central Services & Refuse		10,330	(5,342)	4,988
36,127	(29,287)	6,841	Finance & Civic Affairs		37,018	(28,316)	8,702
9,032	(2,132)	6,900	Housing & Communities (General Fund)		9,410	(3,147)	6,263
38,081	(25,786)	12,295	Housing & Communities (HRA)		36,944	(25,884)	11,060
6,241	(3,382)	2,859	Planning, Development & Health		4,562	(2,763)	1,799
104,089	**(64,644)**	**39,445**	**Cost of services**		**104,595**	**(66,597)**	**37,998**
598	(1,108)	(510)	Other operating expenditure	Note 11	584	(1,013)	(429)
5,245	(2,122)	3,123	Financing & investment income & expenditure	Note 12	8,730	(1,945)	6,785
10,432	(32,381)	(21,949)	Taxation & non-specific grant income & expenditure	Note 13	9,903	(36,563)	(26,660)
		20,109	**(Surplus) or Deficit on Provision of Services**				**17,694**
		(7,628)	(Surplus) or deficit on revaluation of Property, Plant & Equipment Assets				(19,314)
		(18,124)	Remeasurement of the net defined benefit pension liability				12,557
		(25,752)	**Other Comprehensive Income & Expenditure**				**(6,757)**
		(5,643)	**Total Comprehensive Income & Expenditure**				**10,937**

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 Comprehensive Income and Expenditure Statement. 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 2020/21

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Balance as at 31 March 20	**(12,150)**	**(11,289)**	**(3,593)**	**(4,356)**	**(2,011)**	**(33,399)**	**(157,873)**	**(191,272)**
Movement in reserves during 2020/21								
(Surplus) or deficit on the provision of services	5,643	12,051	-	-	-	**17,694**	-	**17,694**
Other Comprehensive Income & Expenditure	-	-	-	-	-	**-**	(6,485)	**(6,485)**
Total Comprehensive Income & Expenditure	**5,643**	**12,051**	**-**	**-**	**-**	**17,694**	**(6,485)**	**11,209**
Adjustments between accounting basis & funding basis under regulations (Note 9)	(14,177)	(11,297)	(507)	2,744	(619)	**(23,856)**	23,856	**-**
(Increase)/ Decrease in 2020/21	**(8,534)**	**754**	**(507)**	**2,744**	**(619)**	**(6,162)**	**17,371**	**11,209**
Balance as at 31 March 21	**(20,684)**	**(10,535)**	**(4,100)**	**(1,612)**	**(2,630)**	**(39,561)**	**(140,502)**	**(180,063)**
Adjustment for amounts earmarked for specific purposes (Earmarked Reserves - Note 10)	18,467	4,063						
Remaining Unallocated Balance as at 31 March 21	**(2,217)**	**(6,472)**						

Movement in Reserves Statement 2019/20

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Balance as at 31 March 19	(10,654)	(19,177)	(4,102)	(378)	(2,273)	**(36,584)**	(149,045)	**(185,629)**
Movement in reserves during 2019/20								
(Surplus) or deficit on the provision of services	6,840	13,269	-	-	-	**20,109**	-	**20,109**
Other Comprehensive Income & Expenditure	-	-	-	-	-	**-**	(25,752)	**(25,752)**
Total Comprehensive Income & Expenditure	**6,840**	**13,269**	**-**	**-**	**-**	**20,109**	**(25,752)**	**(5,643)**
	-	-	-	-	-	**-**	-	**-**
Adjustments between accounting basis & funding basis under regulations (Note 9)	(8,336)	(5,381)	509	(3,978)	262	**(16,924)**	16,924	**-**
(Increase)/ Decrease in 2019/20	**(1,496)**	**7,888**	**509**	**(3,978)**	**262**	**3,185**	**(8,828)**	**(5,643)**
Balance as at 31 March 20	**(12,150)**	**(11,289)**	**(3,593)**	**(4,356)**	**(2,011)**	**(33,399)**	**(157,873)**	**(191,272)**
Adjustment for amounts earmarked for specific purposes (Earmarked Reserves - Note 10)	10,797	4,528						
Remaining Unallocated Balance as at 31 March 20	**(1,353)**	**(6,761)**						

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'.

31 March 20 £000		Notes	31 March 21 £000
267,221	Property, Plant & Equipment	14	273,729
1,165	Heritage Assets		1,165
30,122	Investment Property	15	28,122
821	Intangible Assets		1,162
1,879	Long Term Investments	16	1,866
486	Long Term Debtors	16	727
301,694	**Long Term Assets**		**306,771**
24,155	Short Term Investments	16	15,033
110	Inventories		111
10,780	Short Term Debtors	17	18,135
3,852	Cash & Cash Equivalents	18	9,391
38,897	**Current Assets**		**42,670**
(513)	Short Term Borrowing	16	(471)
(14,801)	Short Term Creditors	19	(23,290)
(2,051)	Provisions	20	(2,025)
(17,365)	**Current Liabilities**		**(25,786)**
(77,205)	Long Term Borrowing	16	(72,705)
(48,871)	Pensions Liability	39	(63,356)
(5,878)	Capital Grants Receipts in Advance	31	(7,531)
(131,954)	**Long Term Liabilities**		**(143,592)**
191,272	**Net Assets**		**180,063**
(33,399)	Usable Reserves	21	(39,561)
(157,873)	Unusable Reserves	22	(140,502)
(191,272)	**Total Reserves**		**(180,063)**

Victoria Summerfield
Director of Finance & Enterprise   Dated:

This is an electronic copy without an electronic signature. The original was signed as dated above and a copy can be obtained from the Head of Financial Services.

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.

2019/20 £000			**2020/21 £000**
20,109	Net (surplus) or deficit on the provision of services		17,043
(35,718)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	Note 23	(43,016)
7,463	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	Note 23	8,297
(8,146)	Net cash flows from Operating Activities	Note 23	(17,676)
6,550	Investing Activities	Note 24	(1,769)
3,466	Financing Activities	Note 25	13,906
1,870	Net (increase) or decrease in cash & cash equivalents		(5,539)
5,722	Cash & cash equivalents at the beginning of the reporting period		3,852
3,852	**Cash & cash equivalents at the end of the reporting period**	Note 18	**9,391**

Notes to the Accounts

Notes to the Accounts

1) ACCOUNTING POLICIES

GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year-end of 31st March 2021. 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 2020/21, supported by International Financial Reporting Standards (IFRS).

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 AND ESTIMATES AND ERRORS

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

Changes in accounting policies are only made when required by proper accounting practices or 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 Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

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 and 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 2021.

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

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– 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 Statement.
    - 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 39 on page 99 of these financial statements

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 Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement 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 of 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 (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

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

Expected Credit Loss Model
The Council recognises expected credit losses on all 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.

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COUNCIL TAX AND NON-DOMESTIC RATES

Nuneaton and Bedworth 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 (ie 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 (CIES) 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 CIES 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 Authority's share of the end of year balances in respect of Council Tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Taxation and Non-Specific Grant Income and Expenditure line in the CIES. 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 line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

LEASES

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the 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 2020/21 (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 £500k 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 then 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 to score against 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 22 to the Financial Statements on page 79

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, NOT ADOPTED

The Code of Practice on Local Authority Accounting in the UK (the Code) 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) Definition of a Business – amendments to IFRS 3 Business Combinations

b) Interest Rate Benchmark Reform – amendments to IFRS 9 – Financial Instruments, IAS 39 – Financial Instruments Recognition and Measurement and IFRS 7 – Financial Instrument Disclosures.

c) Interest Rate Benchmark Reform Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 – Insurance Contracts and IFRS 16 – Leases

Under IFRS 4, the definition of a business has been clarified and narrowed. Interest Rate benchmark reform reflects the Financial Conduct Authority (FCA) transition from the London Interbank Offered Rate (LIBOR) to the Sterling OverNight Index Average (SONIA). This will affect classification and measurement where LIBOR is a contractual term or is used as a component of a discount rate.

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:

- There is a high degree of uncertainty about future levels of funding for Local Government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

- Under the new 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 £2.02m (£2.02m in 2019/20), which is our 40% share of the overall provision in the Business Rates Collection Fund of £6.84m (£5.04m in 2019/20).

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's Balance Sheet at 31st March 2021 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
Provision – Business Rates Appeals	The Council has made a provision in the Collection Fund of £5.06m (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.	A 10% increase in successful appeals above the estimated provision would increase the overall liability in the Collection Fund by approximately £506k. However, each appeal is of different value and has a different backdated element and one large appeal being successful could significantly increase the liability.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Arrears	At 31st March 2021, the total arrears from sundry debts stood at £1.33m. 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. The ongoing economic impact of the Covid-19 pandemic 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.	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 2021 is £548k and so a 25% increase would lead to additional provision of £137k.
Depreciation of Property, Plant & Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount on the asset falls. It is estimated that the annual depreciation charge for assets would increase by approximately £468k for every year that useful lives had to be reduced.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
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 its non-current assets.	A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement. Depreciation charges for operational buildings will change in direct relation to changes in estimated current value.
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. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The assumptions used can be found in note 39, page 99	A 0.1% decrease in the Real Discount Rate used would increase the scheme liabilities by approximately £4.47m (2%) A 1 year increase in member life expectancy would increase the scheme liabilities by £10.17m (4%) A 0.1% increase in the Salary Increase Rate would increase the scheme liabilities by approximately £0.42m (0%) A 0.1% increase in the Pension Increase Rate (CPI) would increase the scheme liabilities by approximately £4.00m (2%)

5) MATERIAL ITEMS OF INCOME AND EXPENSE

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

During the year the Council processed 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 £2.2m were processed where the Council acted as principal and therefore these are reflected within the Finance and Civic Affairs 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 Councils finances.

6) EVENTS AFTER THE BALANCE SHEET DATE

Provision for Non-Domestic Rates Appeals
The Statement of Accounts was originally authorised for issue by the Interim Director of Finance & Enterprise on 20th October 2021. Since that date notification was received from Central Government regarding the calculation for appeals provisions for Non-Domestic Rates. It had been determined that councils should not make provision for potential losses for material change of circumstance (MCC) appeals on the grounds of coronavirus. As Nuneaton and Bedworth had included amounts in relation to MCCs the appeals provision was recalculated and these financial statements reflect the updated position.
The accounts we authorised for re-issue on 21st February 2022.

Investment in Sherbourne Recycling Limited
Sherbourne Recycling Ltd (SRL) is a private company limited by shares, incorporated on 25 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 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. The Council will account for its investment as a long term investment.

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

2019/20 (Restated)			EXPENDITURE AND FUNDING ANALYSIS	2020/21		
Net Expenditure Chargeable to the General Fund & HRA (Note 7a) £000	**Adjs between Funding & Accounting Basis (Note 7b) £000**	**Net Expenditure in CIES £000**		**Net Expenditure Chargeable to the General Fund & HRA (Note 7a) £000**	**Adjs between Funding & Accounting Basis (Note 7b) £000**	**Net Expenditure in CIES £000**
2,292	3,138	**5,430**	Arts & Leisure	3,589	1,597	**5,186**
4,180	940	**5,120**	Central Services & Refuse	4,739	249	**4,988**
6,352	489	**6,841**	Finance & Civic Affairs	5,870	2,832	**8,702**
1,243	5,657	**6,900**	Housing & Communities (General Fund)	1,217	5,046	**6,263**
(3,554)	15,849	**12,295**	Housing & Communities (HRA)	(3,011)	14,071	**11,060**
295	2,564	**2,859**	Planning, Development & Health	1,652	147	**1,799**
10,808	**28,637**	**39,445**	**Net Cost of Services**	**14,056**	**23,942**	**37,998**
(4,416)	(14,920)	**(19,336)**	Other Income & Expenditure	(21,071)	116	**(20,955)**
6,392	13,717	**20,109**	**Surplus or Deficit**	(7,015)	24,058	**17,043**
(29,831)			**Opening Balances**	(23,439)		
6,392			**Surplus or (Deficit) in Year**	(7,015)		
(23,439)			**Closing Balance in Year ***	(30,454)		

**** For a split of this balance between the General Fund and the HRA - see the Movement in Reserves Statement***

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

2020/21	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 Balances per the EFA
	£000	£000	£000	£000	£000
Arts & Leisure	5,023	(1,318)	(116)	-	**3,589**
Central Services & Refuse	5,335	(554)	(42)	-	**4,739**
Finance & Civic Affairs	5,604	(213)	155	324	**5,870**
Housing & Communities (General Fund)	1,487	(118)	(152)	-	**1,217**
Housing & Communities (HRA)	289	-	-	(3,300)	**(3,011)**
Planning, Development & Health	778	(240)	(28)	1,142	**1,652**
Net Cost of Services	**18,516**	**(2,443)**	**(183)**	**(1,834)**	**14,056**
Other Income & Expenditure	(18,326)	2,443	(7,022)	1,834	**(21,071)**
(Surplus) or Deficit	**190**	**-**	**(7,205)**	**-**	**(7,015)**

2019/20 (Restated)	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 Balances per the EFA
-	£000	£000	£000	£000	£000
Arts & Leisure	4,016	(1,436)	(288)	-	**2,292**
Central Services & Refuse	4,604	(540)	116	-	**4,180**
Finance & Civic Affairs	5,977	(103)	211	267	**6,352**
Housing & Communities (General Fund)	1,561	(99)	(219)	-	**1,243**
Housing & Communities (HRA)	5,407	-	-	(8,961)	**(3,554)**
Planning, Development & Health	(245)	(630)	-	1,170	**295**
Net Cost of Services	**21,320**	**(2,808)**	**(180)**	**(7,524)**	**10,808**
Other Income & Expenditure	(15,606)	2,808	858	7,524	**(4,416)**
(Surplus) or Deficit	**5,714**	**-**	**678**	**-**	**6,392**

7b – Adjustments between accounting and funding basis

2020/21	**Adjustments for Capital Purposes**	**Net Changes for the Pension Adjustment**	**Other Adjustments**	**Total Adjustments Between Funding & Accounting Basis**
	£000	**£000**	**£000**	**£000**
Arts & Leisure	1,502	86	9	1,597
Central Services & Refuse	41	183	25	249
Finance & Civic Affairs	2,822	(19)	29	2,832
Housing & Communities (General Fund)	4,940	87	19	5,046
Housing & Communities (HRA)	13,680	327	64	14,071
Planning, Development & Health	-	121	26	147
Net Cost of Services	**22,985**	**785**	**172**	**23,942**
Other Income & Expenditure	(5,112)	1,143	4,085	116
Total Adjustment	**17,873**	**1,928**	**4,257**	**24,058**

2019/20	**Adjustments for Capital Purposes**	**Net Changes for the Pension Adjustment**	**Other Adjustments**	**Total Adjustments Between Funding & Accounting Basis**
	£000	**£000**	**£000**	**£000**
Arts, Leisure & Economic Development	2,917	220	1	3,138
Central Services & Refuse	551	377	12	940
Finance & Civic Affairs	(81)	566	4	489
Housing, Health & Communities (General Fund)	5,464	186	7	5,657
Housing, Health & Communities (HRA)	14,892	927	30	15,849
Planning & Development	2,294	272	(2)	2,564
Net Cost of Services	**26,037**	**2,548**	**52**	**28,637**
Other Income & Expenditure	(12,735)	1,557	(3,742)	(14,920)
Total Adjustment	**13,302**	**4,105**	**(3,690)**	**13,717**

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:

2019/20 (Restated) £000		2020/21 £000
	Income from Services:	
(1,272)	Arts & Leisure	(632)
(2,287)	Central Services & Refuse	(2,376)
(1,605)	Finance & Civic Affairs	(1,174)
(1,349)	Housing & Communities (General Fund)	(1,978)
(25,704)	Housing & Communities (HRA)	(25,707)
(4,997)	Planning, Development & Health	(3,349)
(37,213)	**Total**	**(35,216)**

8) EXPENDITURE AND INCOME ANALYSED BY NATURE

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

2019/20 £000		2020/21 £000
	Expenditure:	
21,497	Employee benefits expenses	19,728
27,847	Housing Benefit payments	27,835
26,619	Other service expenses	30,532
29,808	Depreciation, amortisation, impairment & revaluations	32,300
4,027	Interest payments	3,493
10,432	Precepts and levies	9,903
598	Payments to the Housing Capital Receipts Pool	584
-		
120,828	**Total Expenditure**	**124,375**
	Income:	
(37,213)	Fees, charges and other service income	(35,216)
(367)	Interest and investment income	(196)
(22,715)	Income from Council Tax, Non Domestic Rates	(18,494)
(26,008)	Government Grants (Housing Benefit)	(25,712)
(13,308)	Other grants and contributions	(26,050)
(1,108)	Gain on Disposal of Assets	(1,664)
(100,719)	**Total Income**	**(107,332)**
20,109	**(Surplus)/ Deficit on the Provision of Services**	**17,043**

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.

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

General Fund Balance
The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund, 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 the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of 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 of 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.

2020/21	Usable Reserves				
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied
	£000	£000	£000	£000	£000
Adjustments to the Revenue Resources					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
● Pensions costs (transferred to (or from) the Pensions Reserve)	(1,205)	(723)	-	-	-
● Financial instruments (transferred to the Financial Instruments Adjustments Account)	21	-	-	-	-
● Council Tax and NDR (transfers to or from Collection Fund Adjustment Account)	(5,534)	-	-	-	-
● Holiday Pay (transferred to the Accumulated Absences Reserve)	(110)	(65)	-	-	-
● Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(10,313)	(21,855)	-	-	(1,661)
● Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to the movement in fair value in investments classified as Fair Value through Profit & Loss	(13)	-	-	-	-
Total Adjustments to Revenue Resources	**(17,154)**	**(22,643)**	**-**	**-**	**(1,661)**
Adjustments between Revenue and Capital Resources					
● Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,909	1,098	(3,007)	-	-
● Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-	(7)	7	-	-
● Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(585)	-	585	-	-
● Posting of HRA resources from revenue to the Major Repairs Reserve	-	9,846	-	(9,846)	-
● Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	428	-	-	-	-
● Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	2,641	409	-	-	-
Total Adjustments between Revenue and Capital Resources	**4,393**	**11,346**	**(2,415)**	**(9,846)**	**-**
Adjustments to Capital Resources					
● Use of the Capital Receipts Reserve to finance capital expenditure	-	-	1,922	-	-
● Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	12,590	-
● Application of capital grants to finance capital expenditure	-	-	-	-	1,042
● Cash payments in relation to deferred capital receipts	-	-	(14)	-	-
Total Adjustments to Capital Resources	**-**	**-**	**1,908**	**12,590**	**1,042**
Total Adjustments	**(12,761)**	**(11,297)**	**(507)**	**2,744**	**(619)**

	Usable Reserves				
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied
2019/20	£000	£000	£000	£000	£000
Adjustments to the Revenue Resources					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
● Pensions costs (transferred to (or from) the Pensions Reserve)	(2,657)	(1,448)	-	-	-
● Financial instruments (transferred to the Financial Instruments Adjustments Account)	21	-	-	-	-
● Council Tax and NDR (transfers to or from Collection Fund Adjustment Account)	(265)	-	-	-	-
● Holiday Pay (transferred to the Accumulated Absences Reserve)	(22)	(30)	-	-	-
● Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(6,971)	(24,130)	-	-	(1,302)
● Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to the movement in fair value in investments classified as Fair Value through Profit & Loss	(70)	-	-	-	-
Total Adjustments to Revenue Resources	**(9,964)**	**(25,608)**	**-**	**-**	**(1,302)**
Adjustments between Revenue and Capital Resources					
● Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	784	2,474	(3,258)	-	-
● Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-	(17)	17	-	-
● Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(598)	-	598	-	-
● Posting of HRA resources from revenue to the Major Repairs Reserve	-	12,356	-	(12,356)	-
● Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	418	-	-	-	-
● Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,024	5,414	-	-	-
Total Adjustments between Revenue and Capital Resources	**1,628**	**20,227**	**(2,643)**	**(12,356)**	**-**
Adjustments to Capital Resources					
● Use of the Capital Receipts Reserve to finance capital expenditure	-	-	3,160	-	-
● Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	8,378	-
● Application of capital grants to finance capital expenditure	-	-	-	-	1,564
● Cash payments in relation to deferred capital receipts	-	-	(8)	-	-
Total Adjustments to Capital Resources	**-**	**-**	**3,152**	**8,378**	**1,564**
Total Adjustments	**(8,336)**	**(5,381)**	**509**	**(3,978)**	**262**

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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.

Balance at 31 Mar 20 £000		Balance at 31 Mar 21 £000
	General Fund Earmarked Reserves	
2,656	Risk Based Reserves	3,985
3,119	General Revenue Reserves	3,432
3,747	Capital Earmarked Reserves	4,154
1,275	Financial Planning Reserve	1,509
-	Collection Fund Timing	5,387
10,797	**Total General Fund**	**18,467**
	Housing Revenue Account Earmarked Reserves	
350	Risk Based Reserves	350
371	General Revenue Reserves	381
3,807	Capital Earmarked Reserves	3,332
4,528	**Total Housing Revenue Account**	**4,063**

11) OTHER OPERATING EXPENDITURE

2019/20 £000		2020/21 £000
598	Payments to the Government Housing Capital Receipts Pool	584
(1,108)	(Gains)/ losses on the disposal of non-current assets	(1,013)
(510)	**Total**	**(429)**

12) FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2019/20 £000		2020/21 £000
2,491	Interest payable & similar charges	2,361
1,536	Net interest on the net defined benefit pension liability	1,132
(367)	Interest receivable and similar income	(196)
(537)	Income & expenditure in relation to investment properties and changes in their fair value	3,488
3,123	**Total**	**6,785**

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, page 68.

13) TAXATION AND NON-SPECIFIC GRANT INCOME

2019/20 £000		2020/21 £000
(8,918)	Council tax income	(9,077)
	Non domestic rates	
(13,797)	Billing authority share of income	(9,417)
9,264	Tariff payment to Central Government	9,414
1,168	Levy on growth	489
(1,737)	Section 31 Grants from Central Government	(6,504)
	Non-ringfenced government grants:	
-	MHCLG - Covid Support	(2,768)
(1,383)	New Homes Bonus	(1,622)
(1,456)	Disabled Facilities Grant	(1,652)
(138)	Other	(140)
	Ringfenced government grants:	
-	Towns Fund	(1,000)
-	Green Homes	(638)
(198)	Warwickshire County Council	(500)
(711)	Homes England	(441)
(413)	Other Local Authorities	(104)
(3,318)	Local Authority Contributions for HEART	(2,292)
(312)	Other Capital grants & contributions	(408)
(21,949)	**Total**	**(26,660)**

14) PROPERTY, PLANT AND EQUIPMENT

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or Valuation							
At 01 April 20	210,647	64,693	12,934	6,541	349	2,416	**297,580**
Additions	13,132	2,669	520	-	-	1,565	**17,886**
Accumulated Depreciation and Impairment to Gross Carrying Amount	(9,148)	(14,425)	-	-	-	-	**(23,573)**
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	22,250	(2,759)	-	-	-	-	**19,491**
Revaluation increases/ (decreases) recognised in the Surplus/ Deficit on Provision of Services	(13,529)	(2,578)	-	-	-	-	**(16,107)**
Derecognition - disposals	(736)	(759)	(90)	(1,521)	-	-	**(3,106)**
Assets reclassified (to)/ from Investment Properties	-	(1,178)	-	-	(223)	-	**(1,401)**
Other movements in Cost or Valuation	2,092	-	-	-	-	(2,092)	**-**
Other movements in cost or valuation							
At 31 March 21	**224,708**	**45,663**	**13,364**	**5,020**	**126**	**1,889**	**290,770**
Accumulated Depreciation & Impairment							
At 01 April 20	(1,036)	(15,326)	(9,195)	(4,698)	(104)	-	**(30,359)**
Depreciation charge	(7,963)	(1,763)	(1,239)	(155)	-	-	**(11,120)**
Accumulated Depreciation written off to Gross Carrying Amount	8,978	1,683	-	-	-	-	**10,661**
Accumulated Impairment written off to Gross Carrying Amount	170	12,691	-	-	-	-	**12,861**
Impairment losses recognised in the Revaluation Reserve	-	(12)	-	-	-	-	**(12)**
Impairment losses recognised in the Surplus/ Deficit on the Provision of Services	(170)	(53)	(378)	-	-	-	**(601)**
Derecognition - disposals	21	139	90	870	-	-	**1,120**
Assets reclassified (to)/ from Investment Properties	-	353	-	-	56	-	**409**
At 31 March 21	**-**	**(2,288)**	**(10,722)**	**(3,983)**	**(48)**	**-**	**(17,041)**
Net Book Value							
at 31 March 20	209,611	49,367	3,739	1,843	245	2,416	267,221
at 31 March 21	**224,708**	**43,375**	**2,642**	**1,037**	**78**	**1,889**	**273,729**

Comparative Movements in 2019/20:

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or Valuation							
At 01 April 19	211,429	54,768	12,771	6,541	349	50	**285,908**
Additions	14,770	3,677	282	-	-	2,366	**21,095**
Accumulated Depreciation and Impairment to Gross Carrying Amount	(7,946)	(2,402)	-	-	-	-	**(10,348)**
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	9,176	9,385	-	-	-	-	**18,561**
Revaluation increases/ (decreases) recognised in the Surplus/ Deficit on Provision of Services	(14,893)	(494)	-	-	-	-	**(15,387)**
Derecognition - disposals	(1,889)	(240)	(119)	-	-	-	**(2,248)**
Assets reclassified (to)/ from Investment Properties	-	(1)	-	-	-	-	**(1)**
At 31 March 20	**210,647**	**64,693**	**12,934**	**6,541**	**349**	**2,416**	**297,580**
Accumulated Depreciation & Impairment							
At 01 April 19	(1,116)	(2,069)	(8,000)	(4,543)	(93)	-	**(15,821)**
Depreciation charge	(7,907)	(2,058)	(1,269)	(155)	(11)	-	**(11,400)**
Accumulated Depreciation written off to Gross Carrying Amount	7,946	1,917	-	-	-	-	**9,863**
Accumulated Impairment written off to Gross Carrying Amount	-	485	-	-	-	-	**485**
Impairment losses recognised in the Revaluation Reserve	-	(10,933)	-	-	-	-	**(10,933)**
Impairment losses recognised in the Surplus/ Deficit on the Provision of Services	-	(2,668)	-	-	-	-	**(2,668)**
Derecognition - disposals	41	-	74	-	-	-	**115**
At 31 March 20	**(1,036)**	**(15,326)**	**(9,195)**	**(4,698)**	**(104)**	**-**	**(30,359)**
Net Book Value							
at 31 March 19	210,313	52,699	4,771	1,998	256	50	270,087
at 31 March 20	**209,611**	**49,367**	**3,739**	**1,843**	**245**	**2,416**	**267,221**
Nature of Holdings at year end							
Owned	209,611	49,367	3,739	1,843	245	2,416	**267,221**
Finance Lease	-	-	-	-	-	-	**-**

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- **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

- **Capital Commitments**

Approximately £3.0m of minimum contract amounts are committed for future years These are for contracts in place as at 31st March 2021 and relate to HRA council dwellings and include works to maintain decent homes, re-roofing works, upgrading/ replacement of fire doors and heating installations. This can be analysed by financial years of:

- 2021/22 : £2.1m
- 2022/23 : £0.7m

A further £4.5m relates to the General Fund and a commitment for investing in the Sub-Regional Materials Recycling Facility with Coventry City Council and other local authorities. This commitment will take the form of loans to the newly formed company to facilitate the building of this new facility which will generate long term savings to the council once operational.

- **Revaluations**

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every 5 years.

All of the council housing stock has been revalued as at 31st March 2021 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 2021.

The significant assumptions applied in estimating the fair values are:

- The current value of dwellings and 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:

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Total
	£000	£000	£000	£000
Carried at historical cost	-	864	13,364	14,228
valued at fair value in:				
2020/21	224,708	37,511	-	262,219
2019/20	-	1,135	-	1,135
2018/19	-	5,712	-	5,712
2017/18	-	84	-	84
2016/17	-	957	-	957
Total Cost or Valuation	**224,708**	**46,263**	**13,364**	**284,335**

15) INVESTMENT PROPERTIES

Fair Value Hierarchy

Details of the Council's investment properties and information about the fair value hierarchy as at 31st March 2021 are as follows:

Other significant observable inputs (Level 2)	**Fair Value of Investment Properties:**	**Other significant observable inputs (Level 2)**
31 March 20		**31 March 21**
£000		**£000**
1,060	Office accommodation	882
17,148	Retail units	13,896
2,275	Industrial	2,744
349	Residential	415
7,877	Utilised by NABCEL	8,872
1,413	Other	1,313
30,122	**Balance at 31 March**	**28,122**

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 has been 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 Comprehensive Income and Expenditure Statement

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

2019/20 £000		2020/21 £000
(1,639)	Rental income from investment property	(1,660)
(116)	Other Income	(89)
1,032	Operating expenses arising from investment property	614
(723)	**Net (gain)/ loss**	**(1,135)**

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 over the year:

2019/20 £000		2020/21 £000
29,586	Balance at 1 April	30,122
	Additions:	
327	Purchases	434
394	Subsequent expenditure	1,197
(186)	Net gains/ (losses) from fair value adjustments reflected in Comprehensive Income & Expenditure	(4,623)
	Transfers:	
1	to/ (from) Property, Plant & Equipment	992
30,122	**Balance at 31 March**	**28,122**

16) FINANCIAL INSTRUMENTS

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

Financial Assets:

	Non-Current				Current			
	Investments		Debtors		Investments		Debtors	
	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000
Amortised Cost:								
Principal	-	-	486	727	24,000	15,000	8,890	10,515
Accrued interest	-	-	-	-	155	33	-	-
Cash & Cash Equivalents (CCE)	-	-	-	-	3,851	9,391	-	-
CCE Accrued Interest	-	-	-	-	1	-	-	-
Amortised Cost Total	**-**	**-**	**486**	**727**	**28,007**	**24,424**	**8,890**	**10,515**
Fair Value through Profit and Loss	1,879	1,866	-	-	-		-	-
Total Financial Assets	**1,879**	**1,866**	**486**	**727**	**28,007**	**24,424**	**8,890**	**10,515**
Non-Financial Assets	-	-	-	-	-		1,890	7,620
Total	**1,879**	**1,866**	**486**	**727**	**28,007**	**24,424**	**10,780**	**18,135**

Financial Liabilities:

	Non-Current				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000
Amortised Cost:								
Principal	(77,205)	(72,705)	-	-	-	-	(11,721)	(22,983)
Accrued interest	-	-	-	-	(513)	(471)	-	
Amortised Cost Total	**(77,205)**	**(72,705)**	**-**	**-**	**(513)**	**(471)**	**(11,721)**	**(22,983)**
Non-Financial Liabilities	-	-	-	-	-	-	(3,080)	(307)
Total	**(77,205)**	**(72,705)**	**-**	**-**	**(513)**	**(471)**	**(14,801)**	**(23,290)**

Gains and Losses

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

2019/20 Surplus or Deficit on the Provision of Services £000		2020/21 Surplus or Deficit on the Provision of Services £000
	Net (Gains)/ Losses on:	
69	Financial assets measured at fair value through profit or loss	13
69	**Total Net (Gains)/ Losses**	**13**
	Interest Revenue:	
(353)	Financial assets measured at amortised cost	(129)
(83)	Other financial assets measured at fair value	(80)
-	Dividend income	-
(436)	**Total Interest Revenue**	**(209)**
2,491	**Interest Expense**	**2,361**

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:

Recurring fair value measurements	Input level in fair value hierarchy & valuation technique	As at 31 March 20 £000	As at 31 March 21 £000
Available for Sale:			
Property Fund	Level 1 - Unadjusted quoted prices in active markets for identical shares.	1,879	1,866
		1,879	**1,866**

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 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:

	31 March 20		31 March 21	
	Carrying amount £000	**Fair Value £000**	**Carrying amount £000**	**Fair Value £000**
PWLB debt	(75,694)	(81,409)	(71,152)	(78,869)
Non-PWLB debt	(2,024)	(3,104)	(2,024)	(3,376)
Short term creditors	(11,721)	(11,721)	(22,983)	(22,983)
Total Financial Instrument Liabilities	**(89,439)**	**(96,234)**	**(96,159)**	**(105,228)**

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of 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 on economic conditions at 31st March 2021) 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. Should this method of calculating fair value had been applied then the fair value of the liabilities would increase from £105.2m (as quoted above) to £110.8m.

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

	31 March 20 Carrying amount £000	31 March 20 Fair Value £000	31 March 21 Carrying amount £000	31 March 21 Fair Value £000
Cash & cash equivalents	3,852	3,852	9,391	9,391
Short term investments	24,155	24,155	15,033	15,033
Short term debtors	8,890	8,890	10,515	10,515
Long term debtors	486	486	727	727
Total Assets	**37,383**	**37,383**	**35,666**	**35,666**

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

17) DEBTORS

2019/20 £000		2020/21 £000
	Amounts due within one year (net of impairment):	
	Central Government bodies:	
127	Ministry for Housing, Communities & Local Government	5,051
1,619	Department for Works & Pensions	1,229
628	HM Revenue & Customs	944
69	Other Government Departments	117
1,931	Other Local Authorities	4,516
506	Housing tenants	335
427	Council tax arrears	443
452	Non-domestic rates arrears	344
4,315	Other	4,305
706	Payments in advance	851
10,780	**Total**	**18,135**

Debtor balances are shown net of any allowance held for bad or doubtful debts. For 2020/21 the total impairment allowance across all debt types was £4.56m (£4.19m for 2019/20).

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:

2019/20 £000		2020/21 £000
	Council Tax:	
327	Less than 1 year	279
149	1 to 2 years	183
217	2 to 5 years	231
133	More than 5 years	152
826		**845**
	Non-Domestic Rates:	
239	Less than 1 year	286
62	1 to 2 years	108
98	2 to 5 years	168
61	More than 5 years	115
460		**677**

18) CASH AND CASH EQUIVALENTS

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

2019/20 £000		2020/21 £000
3,006	Cash held by the Authority	7,001
846	Bank current accounts	2,390
3,852	**Total Cash and Cash Equivalents**	**9,391**

19) CREDITORS

2019/20 £000		2020/21 £000
	Central Government bodies:	
(4,391)	Ministry for Housing, Communities & Local Government	(7,180)
(331)	HM Revenue & Customs	(348)
(33)	Other Government Departments	(6,976)
(2,194)	Other Local Authorities	(769)
(7,852)	Other entities and individuals	(8,017)
(14,801)	**Total**	**(23,290)**

20) PROVISIONS

	Legal Claims	Business Rate Appeals	Total
	£000	**£000**	**£000**
Balance at 01 April 20	**(37)**	**(2,014)**	**(2,051)**
Provisions made in year	-	(279)	(279)
Amounts used in year	-	268	268
Amounts reversed in year	37	-	37
Balance at end of 31 March 21	**-**	**(2,025)**	**(2,025)**

- ***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. We retain 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. We have a significant amount of outstanding appeals, some going back to 2010 and this remains high 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 Nuneaton and Bedworth is reflected in this note.

21) 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.

22) UNUSABLE RESERVES

31 March 20 £000		31 March 21 £000
(93,860)	Revaluation Reserve	(110,840)
121	Financial Instruments Revaluation Reserve	134
(112,656)	Capital Adjustment Account	(98,505)
160	Financial Instruments Adjustment Account	139
48,871	Pensions Reserve	63,356
(428)	Deferred Capital Receipts Reserve	(413)
(351)	Collection Fund Adjustment Account	5,183
270	Accumulated Absences Account	444
-		
(157,873)	**Total Unusable Reserves**	**(140,502)**

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 before that date are consolidated into the balance on the Capital Adjustment Account.

Revaluation Reserve

2019/20 £000			2020/21 £000
(88,480)	Balance at 1 April		(93,860)
(7,628)	Revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(19,042)	
(7,628)	Surplus or deficit on the revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		(19,042)
1,635	Difference between fair value depreciation and historical cost depreciation	1,785	
613	Accumulated gains on assets sold or scrapped	277	
2,248	Amount written off to the Capital Adjustment Account		2,062
(93,860)	**Balance at 31 March**		**(110,840)**

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 its investments in the CCLA Property Fund. This over-ride expires on 31st March 2023 and unless extended, all fair value movements will then impact on the General Fund balance.

2019/20 £000			2020/21 £000
51	Balance at 1 April		121
70	Movement in Fair Value through Profit & Loss on Pooled Investment Funds	13	
70			13
121	**Balance at 31 March**		**134**

Capital Adjustment Account

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

2019/20 £000			2020/21 £000
(122,853)	Balance at 1 April		(112,656)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
14,068	Charges for depreciation and impairment of non-current assets	11,828	
15,386	Revaluation losses on Property, Plant and Equipment	16,379	
166	Amortisation of intangible assets	234	
5,569	Revenue expenditure funded from capital under statute	5,567	
2,133	Amounts of non-current assets written off on disposal or sale as part of the gains/loss on disposal to the Comprehensive Income and Expenditure Statement	1,987	
37,322			35,995
(2,248)	Adjusting amounts written out of the Revaluation Reserve		(2,062)
35,074	Net written out amount of the cost of non-current assets consumed in the year		33,933
	Capital financing applied in the year:		
(3,160)	Use of Capital Receipts Reserve to finance new capital expenditure	(1,922)	
(8,378)	Use of Major Repairs Reserve to finance new capital expenditure	(12,590)	
(5,105)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(5,374)	
(1,564)	Application of grants to capital financing from the Capital Grants Unapplied Account	(1,042)	
(418)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(428)	
(6,438)	Capital expenditure charged against the General Fund and HRA Balances	(3,050)	
(25,063)			(24,406)
186	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		4,624
	Movements in Donated Assets Account credited to the Comprehensive Income and Expenditure Statement		
(112,656)	**Balance at 31 March**		**(98,505)**

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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 per statutory provisions.

The Council uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement 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.

2019/20 £000			**2020/21 £000**
181	Balance at 1 April		160
(21)	Proportion of premiums incurred in previous financial years to be charged in accordance with statutory requirments	(21)	
(21)	Amount by which finance costs charge to the Comprehensive Income and Expenditure Statement are different from the finance costs chargeable in the year in accordance with statutory requirements		**(21)**
160	**Balance at 31 March**		**139**

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 Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible.

The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2019/20 £000		2020/21 £000
62,890	Balance at 1 April	48,871
(18,124)	Remeasurement of the net defined benefit pension liability	12,557
7,743	Reversal of items relating to retirement benefits debited or credited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	5,526
(3,638)	Employer's contributions and direct payments to pensioners payable in the year	(3,598)
48,871	**Balance at 31 March**	**63,356**

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.

2019/20 £000		2020/21 £000
(436)	Balance at 1 April	(428)
8	Transfer to Capital Receipts Reserve upon receipt of cash	15
(428)	**Balance at 31 March**	**(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 Comprehensive Income and Expenditure Statement as it falls due from payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2019/20 £000		2020/21 £000
(616)	Balance at 1 April	(351)
265	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	5,534
(351)	**Balance at 31 March**	**5,183**

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.

2019/20 £000			2020/21 £000
218	Balance at 1 April		270
(218)	Settlement or cancellation of accrual made at the end of the preceding year	(270)	
270	Amounts accrued at the end of the current year	444	
52	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		**174**
270	**Balance at 31 March**		**444**

23) CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2019/20 £000		2020/21 £000
(467)	Dividends and Interest received	(331)
2,522	Interest paid	2,403

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

2019/20 £000		2020/21 £000
(14,068)	Depreciation & impairment	(11,663)
(15,573)	Revaluations	(20,403)
(166)	Amortisation of intangible assets	(234)
(105)	Increase/ (decrease) in impairment for bad debts	(105)
1,025	Movement in creditors	(8,142)
(31)	Movement in debtors	781
(23)	Movement in stock	1
(469)	Movement in provisions	27
(4,105)	Movement in pension liability	(1,928)
(2,133)	Carrying amount of non-current assets sold or de-recognised	(1,987)
(70)	Other non-cash items	(14)
(35,718)	**Total Adjustment**	**(43,667)**

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

2019/20 £000		2020/21 £000
3,241	Proceeds from the sale of Property, Plant & Equipment; Investment Property & Intangible Assets	3,003
4,222	Capital grants reflected in net surplus or deficit that relate to financing activities	5,297
7,463	**Total Adjustment**	**8,300**

24) CASH FLOW STATEMENT – INVESTING ACTIVITIES

2019/20 £000		2020/21 £000
22,292	Purchase of property, plant and equipment; investment property and intangible assets	18,833
24,000	Purchase of short-term and long-term investments	20,000
(3,249)	Proceeds from the sale of property, plant and equipment; investment property and intangible assets	(3,014)
(29,000)	Proceeds from short-term and long-term investments	(29,000)
(7,493)	Other receipts from investing activities	(8,588)
6,550	**Net cash flows from investing activities**	**(1,769)**

25) CASH FLOW STATEMENT – FINANCING ACTIVITIES

2019/20 £000		2020/21 £000
(71)	Other receipts from financing activities	-
3,508	Repayments of short-term and long-term borrowing	4,500
29	Other payments for financing activities	9,406
3,466	**Net cash flows from financing activities**	**13,906**

26) ACQUIRED AND DISCONTINUED OPERATIONS

There were no acquired or discontinued operations during 2020/21.

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27) 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:

2019/20			2020/21				
(Surplus) / Deficit Before Capital Charges	(Surplus) / Deficit After Capital Charges		Costs	Income	(Surplus) / Deficit Before Capital Charges	Capital Charges	(Surplus) / Deficit After Capital Charges
£000	£000		£000	£000	£000	£000	£000
118	171	Markets	377	(162)	**215**	54	**269**
(24)	(24)	Trade Waste	72	(77)	**(5)**	-	**(5)**
(714)	1,565	Car Parks	1,253	(1,721)	**(468)**	1,049	**581**
552	840	Civic Hall - shows and catering	528	(192)	**336**	288	**624**
(100)	181	Mobile Home Sites	9	(111)	**(102)**	435	**333**
(592)	37	Commercial properties	468	(1,012)	**(544)**	5,090	**4,546**
(84)	(98)	Industrial properties	77	(176)	**(99)**	(466)	**(565)**
(441)	(441)	NABCEL	70	(511)	**(441)**	-	**(441)**
(387)	(240)	Green Waste	416	(994)	**(578)**	116	**(462)**
(1,672)	**1,991**	**Total**	**3,270**	**(4,956)**	**(1,686)**	**6,566**	**4,880**

28) MEMBERS' ALLOWANCES

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

2019/20 £000		2020/21 £000
174	Basic allowance	175
64	Special responsibility	59
13	Other allowances/ expenses	13
251	**Total**	**247**

The Mayor and Deputy Mayor also received total allowances of £6,000 per annum (£5,876 2019/20).

29) 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 Contributions	Total
			£	£	£	£
Executive Director - Resources	**2020/21**		**87,009**	**-**	**17,422**	**104,431**
	2019/20	*Note 1*	*88,163*	*360*	*17,566*	*106,089*
Executive Director - Operations	**2020/21**		**85,711**	**25**	**17,190**	**102,926**
	2019/20	*Note 1*	*85,004*	*348*	*16,513*	*101,865*
Director - Regeneration & Housing	**2020/21**		**73,152**	**-**	**14,641**	**87,793**
(prev' Housing, Communities & Economic	*2019/20*		*71,200*	*-*	*14,178*	*85,378*
Director - Customer Services & Business	**2020/21**	*Note 2*	**58,525**	**-**	**11,764**	**70,289**
Improvement	*2019/20*	*Note 2*	*56,959*	*-*	*11,392*	*68,351*
Director - Planning & Public Protection	**2020/21**	*Note 2 & 3*	**9,754**	**-**	**1,961**	**11,715**
	2019/20	*Note 2*	*57,158*	*82*	*11,392*	*68,632*
Director - Leisure, Health & Recreation	**2020/21**	*Note 4*	**53,819**	**17**	**10,818**	**64,654**
	2019/20		*-*	*-*	*-*	*-*
Director - Democracy, Planning & Public Protection	**2020/21**		**75,459**	**-**	**15,467**	**90,926**
(prev' Arts, Leisure & Democracy)	*2019/20*	*Note 1*	*73,684*	*197*	*14,687*	*88,568*
Total	**2020/21**		**443,429**	**42**	**89,263**	**532,734**
Total	*2019/20*		*432,168*	*987*	*85,728*	*518,883*

Note 1 - Includes Election related pay.

Note 2 - Part time position

Note 3 - Employee retired May 2020

Note 4 - Postholder commenced 1st June 2020

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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:

2019/20 Total Number of Employees	Remuneration Band	2020/21 Total Number of Employees
9	£50,000 - £54,999	8
-	£55,000 - £59,999	1
1	£60,000 - £64,999	-
10		**9**

30) 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:

2019/20 £000		2020/21 £000
49	Fees payable to Grant Thornton LLP with regard to the external audit services carried out by the appointed auditor for the year	64
16	Fees payable to Grant Thornton LLP for the certification of grants and returns for the year	18
65	**Total**	**82**

31) GRANT INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2020/21:

2019/20 £000		2020/21 £000
	Credited to Taxation and Non Specific Grant Income	
(222)	Contributions from leaseholders	(81)
(711)	Homes England	(441)
(3,929)	Other Local Authorities	(2,896)
-	Ministry for Housing, Communities & Local Government	(1,638)
(90)	Developers & other minor contributions	(327)
(4,952)	**Total**	**(5,383)**
	Credited to Services	
(490)	Benefits Administration Grant	(498)
(332)	Homelessness Support	(440)
(26,008)	Housing Benefit Subsidy	(25,712)
(324)	Elections Funding	(5)
(252)	Discretionary Housing Payment Grant	(316)
(131)	NNDR Cost of Collection Allowance	(129)
(173)	Towns Fund	(70)
(150)	Future High Streets Fund	-
-	COVID19 Government Grants (to cover payments to businesses/ individuals)	(2,322)
-	COVID19 Government Grant - Sales, Fees & Charges compensation	(1,339)
-	New Burdens	(137)
-	Containment Outbreak Management Fund	(315)
(1,790)	Other grants and Contributions	(2,410)
(29,650)	**Total**	**(33,693)**

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

31 March 20 £000		31 March 21 £000
	Capital Grants Receipts in Advance	
(3,791)	Developers Contributions	(3,705)
(16)	Other Contributions	(16)
(2,071)	Other Local Authorities	(3,188)
-	Green Homes	(622)
(5,878)	**Total**	**(7,531)**

32) 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 the narrative report and notes 13 and 31.

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 39, page 99.

£86,614 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 2020/21 (£84,614 2019/20).

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 2020/21 which included the following contributions:

2019/20	Organisation	2020/21	
£		£	Members
2,580	Bulkington Village Centre	2,610	1
9,079	Hartshill & Nuneaton Recreation Ground	9,269	2
7,330	Nuneaton & Bedworth Sports Forum	3,165	1
85,312	Nuneaton & Bedworth Citizens' Advice Bureau	95,315	-
5,140	Stockingford Community Centre	5,140	-
40,524	Warwickshire Community & Voluntary Action	40,770	-
6,880	Warwickshire Race Equality Partnership	-	1
18,990	Nuneaton Harriers Community Association Ltd	17,878	-

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 2020/21 not being material in the context of the Council's accounts, group accounts have not been prepared however note 34 provides additional information.

As at 31st March 2021, Nuneaton and Bedworth Borough Council held a debtor on its balance sheet of £513,048 (2019/20: £523,367) in respect of money owed to it by NABCEL and a creditor of £110,674 as monies owed to NABCEL (2019/20: £371,740).

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 can be seen in the table below:

2019/20 £	HEART Contributions	2020/21 £
636,119	Rugby Borough Council	719,236
700,334	North Warwickshire Borough Council	797,060
899,233	Warwick District Council	890,656
953,963	Stratford on Avon District Council	1,008,804

A total of £3.19m of unspent contributions from the above authorities is held within Capital Grants Receipts in Advance as at 31st March 2021 to be utilised in future years (£2.06m as at 31st March 2020).

Healthy Living Network

The Council processes the payroll for the Healthy Living Network and in 2020/21 processed transactions totalling £256,447 (2019/20: £283,372) 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 33, Pride in Camp Hill Ltd (PinCH) is considered to be a related party of the Borough Council. In 2020/21 the Council did not make a contribution towards the running costs of the company (2019/20: £8,995).
At year end there was a debtor amount of £58,195 on the balance sheet for amounts owed to the Council (2019/20: £19,083).

The Council guarantees a one third part of up to £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 33 to the accounts.

33) 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 and Communities Agency (HCA - 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 with them in October 2009. Acquisition and demolition of properties in Phase 3 began in 2006/07 and during 2020/21 £1.36m of capital expenditure was incurred by the Council. This was fully funded from receipts from the developer.

Private properties that have been purchased are shown in the General Fund. Following acquisition, the properties have been revalued to their current value and a revaluation charge of £917k is shown in the accounts. The freehold will be transferred to homeowners when purchased and a capital receipt will be received from Barratt.

The opening and closing balance for the assets as included in the balance sheet is set out below.

	£
Opening balance (NBV)	180,000
Acquisitions in year	1,357,718
Disposals of land in year	(620,000)
Revaluations	(917,718)
Closing balance	**0**

34) NUNEATON AND BEDWORTH COMMUNITY ENTERPRISES LIMITED (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 2020/21 it is deemed that the revenue amounts across service areas within the Net Cost of Services of the Comprehensive Income and Expenditure Statement are not material to require group accounts to be prepared. However, as the business continues to expand it is considered prudent to include details within a note to the accounts.

For the year 2020/21 the turnover of NABCEL totalled £3.49m of which £3.12m was generated from agreements with Nuneaton and Bedworth Borough Council (£2.20m 2019/20). After costs and allowable expenses of £3.19m, of which £5.22k was payment to NBBC for property charges (£455k 2019/20), NABCEL generated a net profit before taxation of £299k (£187k 2019/20)

Income was generated through the following service areas:

2019/20 £000		2020/21 £000
	NABCEL Service Income	
(640)	Rental	(654)
(47)	Management Fee	(123)
(1,845)	Gas Services	(1,866)
-	Electrical Services	(700)
-	Cleaning Services	(92)
-	Architect Services	(10)
(2)	Other	(19)
(2,534)		**(3,464)**

It should be noted that the 2020/21 figures quoted are subject to audit by NABCEL's external auditors.

35) 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.

2019/20 £000		2020/21 £000
90,286	**Opening Capital Financing Requirement**	**92,813**
	Capital Investment	
21,095	Property, Plant and Equipment	17,886
721	Investment Properties	1,631
206	Intangible Assets	575
5,569	Revenue Expenditure Funded from Capital under Statute	5,567
	Sources of Finance	
(3,160)	Capital receipts	(1,922)
(6,670)	Government grants and other contributions	(6,416)
(8,378)	Major Repairs Reserve	(12,590)
(6,438)	Sums set aside from revenue - direct revenue contributions	(3,050)
(418)	Sums set aside from revenue - Minimum Revenue Provision	(428)
92,813	**Closing Capital Financing Requirement**	**94,066**
	Explanation of movements in year:	
	Increase in underlying need to borrow:	
2,945	Unsupported by government financial assistance	1,681
	Sums set aside from revenue:	
(418)	Minimum/ Voluntary Revenue Provision	(428)
2,527	**Increase/(decrease) in Capital Financing Requirement**	**1,253**

36) LEASES

- ### Council as Lessee

Finance Leases

There are no finance leases outstanding at 31st March 2021.

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 2020/21 was £56k and the Council is committed to further payments as detailed in the table below:

31 March 20 £000		31 March 21 £000
	Operating Leases	
57	Not later than one year	46
157	Later than one year not later than five years	148
2,289	Later than five years	2,252
2,503	**Total**	**2,446**

- **Council as Lessor**

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 some £38.74m at 31st March 2021 with no accumulated depreciation. The income from such operating lease rentals during 2020/21 was £2.44m (£2.28m in 2019/20).

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

31 March 20 £000		31 March 21 £000
	Operating Leases	
475	Not later than one year	483
1,732	Later than one year not later than five years	1,729
68,078	Later than five years	67,666
70,285	**Total**	**69,878**

Finance Leases

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

37) IMPAIRMENT LOSSES

During 2020/21 impairments of £613k were recognised of which £12k was charged to balances held in the Revaluation Reserve and the remaining £601k charged to the Comprehensive Income and Expenditure Statement across portfolios.

38) TERMINATION BENEFITS

In 2020/21, the Council incurred total costs of £21k relating to 5 exit packages as part of a service restructure.

Exit Packages:

The table below details the number and cost of exit packages for 2020/21 and the previous financial year.

	Number of Compulsory Redundancies		Number of Voluntary Redundancies		Total Number of Exit Packages		Total Cost of Exit Packages	
	2019/20	**2020/21**	2019/20	**2020/21**	2019/20	**2020/21**	2019/20	**2020/21**
Band Cost								
band £0-£20k	0	**3**	0	**2**	0	**5**	£0	**£21,118**
band £20-£40k	1	**0**	1	**0**	2	**0**	£65,505	**£0**
Grand Total	1	**3**	1	**2**	2	**5**	£65,505	**£21,118**

39) 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 needs 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, so the real cost of post employment/ retirement benefits is reversed out via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement during the year:

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Local Government Pension Scheme 2019/20 £000	Discretionary Benefit Arrangements 2019/20 £000		Local Government Pension Scheme 2020/21 £000	Discretionary Benefit Arrangements 2020/21 £000
		Comprehensive Income and Expenditure Statement:		
		Cost of Services:		
5,588	-	Current service costs	4,394	-
619	-	Past service costs/ (gain)	-	-
		Effect of Settlements		
		Financing and Investment Income and Expenditure		
1,433	103	Net Interest Expense	1,056	76
7,640	**103**	**Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services**	**5,450**	**76**
		Remeasurement of the defined benefit liability comprising:		
18,668	-	Return on plan assets (excluding the amount included in net interest expense)	(36,299)	-
(16,316)	(391)	Actuarial gains and losses arising on changes in financial assumptions	47,716	279
(6,660)	-	Changes in demographic assumptions	2,955	-
(13,425)	-	Other	(2,094)	-
(10,093)	**(288)**	**Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement**	**17,728**	**355**
		Movement in Reserves Statement:		
(7,640)	(103)	Reversal of net charges made to the Comprehensive Income and Expenditure Statement for post employment benefits in accordance with the code	(5,450)	(76)
		Actual amount charged against the General Fund Balance for pensions in the year:		
3,342		Employers' contributions payable to the scheme	3,313	
	296	Retirement benefits payable to pensioners		285

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:

Local Government Pension Scheme 2019/20	Discretionary Benefit Arrangements 2019/20		Local Government Pension Scheme 2020/21	Discretionary Benefit Arrangements 2020/21
199,044	3,692	Present value of the defined benefit obligation	250,586	3,761
(153,865)	-	Fair value of plan assets	(190,991)	-
45,179	**3,692**	**Net Liability arising from the defined benefit obligation**	**59,595**	**3,761**

Reconciliation of the Movements in the Fair Value of Scheme Assets.

Local Government Pension Scheme 2019/20 £000		Local Government Pension Scheme 2020/21 £000
171,201	Balance at 1 April	153,865
4,084	Interest Income	3,506
	Remeasurement gain/ (loss)	
(18,668)	Return on assets excluding amounts included in the net interest expense	36,299
3,342	Contributions from employer	3,313
296	Contributions in respect of unfunded benefits	285
793	Contributions from employees	822
(7,183)	Benefits paid	(7,099)
153,865	**Balance at 31 March**	**190,991**

40) Reconciliation of Present Value of the Scheme Liabilities.

Local Government Pension Scheme 2019/20 £000	Discretionary Benefit Arrangements 2019/20 £000		Local Government Pension Scheme 2020/21 £000	Discretionary Benefit Arrangements 2020/21 £000
229,815	4,276	Balance at 1 April	199,044	3,692
5,588	-	Current service costs	4,394	
5,517	103	Interest cost	4,562	76
793	-	Contributions from scheme participants	822	-
		Remeasurement (gains) and losses:		
(16,316)	(391)	changes in financial assumptions	47,716	279
(6,660)	-	changes in demographic assumptions	2,955	-
(13,425)	-	Other	(2,094)	-
619	-	Past service cost	-	-
(6,887)	(296)	Benefits paid	(6,814)	(285)
199,044	**3,692**	**Balance at 31 March**	**250,586**	**3,761**

41) Local Government Pension Scheme Assets Analysis

Period Ended 31 Mar 2020					Period Ended 31 Mar 2021			
Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	Percentage of total assets		Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	Percentage of total assets
				Equity Securities				
-	-	-	0%	Other	-	90	90	0%
				Debt Securities				
-	-	-	0%	Corporate Bonds (investment grade)	18,619	-	18,619	10%
-	-	-	0%	Corporate Bonds (non-investment grade)	4,570	-	4,570	2%
-	-	-	0%	UK Government	8,734	-	8,734	5%
-	4,893	4,893	3%	Other	9,475	6,441	15,916	8%
				Private Equity				
-	7,363	7,363	5%	All	-	9,783	9,783	5%
				Real Estate:				
15,037	-	15,037	10%	UK Property	17,338	-	17,338	9%
13	-	13	0%	Overseas Property	-	-	-	0%
				Investment Funds and Unit Trusts				
88,198	-	88,198	57%	Equities	106,719	-	106,719	56%
23,641	-	23,641	15%	Bonds	-	-	-	0%
-	4,048	4,048	3%	Infrastructure	5,513	-	5,513	3%
8,525	-	8,525	6%	Other	-	-	-	0%
				Cash and Cash Equivalents				
2,147	-	2,147	1%	All	3,709	-	3,709	2%
137,561	**16,304**	**153,865**	**100%**	**Total**	**174,677**	**16,314**	**190,991**	**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 about mortality rates, salary levels, etc. For 2020/21 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 2019.

The principal assumptions used by the actuary have been:

Local Government Pension Scheme 2019/20	Discretionary Benefit Arrangements 2019/20		Local Government Pension Scheme 2020/21	Discretionary Benefit Arrangements 2020/21
		Mortality assumptions:		
		Longevity at 65 for current pensioners:		
21.6 years	21.6 years	Men	21.8 years	21.8 years
23.8 years	23.8 years	Women	24.2 years	24.2 years
		Longevity at 65 for future pensioners:		
22.5 years	-	Men	23.0 years	-
25.4 years	-	Women	26.1 years	-
2.70%	-	Rate of increase in salaries	3.65%	-
1.90%	1.90%	Rate of increase in pensions	2.85%	2.85%
2.30%	2.30%	Rate for discounting scheme liabilities	2.00%	2.00%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. This sensitivity analysis can be seen in Note 4, page 52.

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employer's 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.

Employer's contributions for the period to 31st March 2022 are estimated to be approximately £3.207m.

42) CONTINGENT ASSETS AND LIABILITIES

Contingent Asset:

Business Rates Pool – Local Volatility Fund: The Council is part of a Business Rates pool with Coventry, Warwickshire and all other Warwickshire districts, Part of 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 falls in business rate income. The Local Volatility Fund is held by Warwickshire County Council as the lead authority and a memo account is maintained for each authority. As at the end of March 2021, Nuneaton and Bedworth held £305k within the Fund. This would be released to us if our business rates income fell by more than 5% of our baseline funding level or if we left the pool or the pool dissolved.

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.

However, 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 are also unknown. The financial impact of any successful appeals will be split across Nuneaton and Bedworth, Warwickshire County 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 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.

43) NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

- **Credit risk** – the possibility that other parties might fail to pay amounts due to the Council;
- **Liquidity risk** – the possibility that the Council might not have funds available to meet its commitments to make payments;
- **Re-financing risk** – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- **Market risk** – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates 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 2020 and is available on the Council website. The key issues within the strategy were:

- The Authorised Limit for 2020/21 was £110.19m. This is the maximum limit of external borrowings or other long term liabilities.

- The Operational Boundary was set at £96.19m. 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 this initial criteria is applied. Details of the Investment Strategy can be found on the Council's website.

This 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 £23.9m 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 2021 that this was likely to crystallise.

Amounts Arising from Expected Credit Losses

Credit Risk Exposure

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

A summary of the credit quality of the Council's investments as at 31st March 2021 is shown below, along with the potential maximum exposure to credit risk, based on experience of default and collectability:

Estimated maximum exposure at 31 March 20 £000		Amount at 31 March 21 £000 A	Historical experience of default % B	Historical experience adjusted for market conditions at 31 March 21 % C	Estimated maximum exposure to default and uncollectability at 31 March 21 £000 (A x C)
	Investments:				
-	**A Rated**	*15,000*	*0.05%*	*0.00%*	-
-	**Property Fund**	*1,866*	*0.00%*	*0.00%*	-
-	**Cash & Cash Equivalents**				
-	**AAA Rated**	*5,000*	*0.04%*	*0.00%*	-
-	**A Rated**	*2,000*	*0.05%*	*0.00%*	-
439	**Customers**	*1,907*	*27.39%*	*28.74%*	548
439					548

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 it's counterparties in relation to deposits.

The Council does not generally allow credit for its customers, such that £1.33m of the £1.91m balance is past its due date for repayment. The past due amount can be analysed by age as follows:

31 March 20 £000		31 March 21 £000
220	**Less than three months**	305
163	**Three to six months**	241
274	**Six months to one year**	256
433	**More than one year**	524
1,090		**1,326**

Liquidity Risk

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

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

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 approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

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

The maturity analysis of external borrowing and the borrowing rates are as follows:

31 March 20 Average Rate %	31 March 20 Amount £000		31 March 21 Average Rate %	31 March 21 Amount £000
3.15%	75,205	**PWLB**	3.14%	70,705
4.10%	2,000	**Other Lenders**	4.10%	2,000
3.17%	**77,205**		**3.17%**	**72,705**
3.13%	4,500	**less than one year**	0.00%	-
0.00%	-	**Maturing in 1 - 2 years**	2.79%	8,500
2.73%	26,000	**Maturing in 2 - 5 years**	2.92%	29,500
3.22%	38,705	**Maturing in 5 - 10 years**	3.22%	26,705
0.00%	-	**Maturing in 10 - 15 years**	4.28%	1,000
4.35%	8,000	**Maturing in over 15 years**	4.36%	7,000
3.17%	**77,205**		**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 Mar 20 Maximum Exposure Allowable	31 Mar 20 Maximum Exposure at year end		31 Mar 21 Maximum Exposure Allowable	31 Mar 21 Maximum Exposure at year end
20%	6%	**less than one year**	20%	0%
20%	0%	**Maturing in 1 - 2 years**	20%	12%
50%	34%	**Maturing in 2 - 5 years**	50%	40%
75%	50%	**Maturing in 5 - 10 years**	75%	37%
100%	10%	**Maturing in more than 10 years**	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 Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances)

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. 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	(231)
Net Impact on Surplus or Deficit on the Provision of Services	**(231)**
Decrease in fair value of fixed rate borrowings (no impact on the Provision of Services or Other Comprehensive Income and Expenditure)	(7,419)

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 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 its investments in the CCLA Property Fund. This over-ride expires on 31st March 2023 and unless extended, all fair value movements will then impact on the General Fund balance.

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 Housing Revenue Account Statement.

Income and Expenditure Statement

2019/20 £000		2020/21 £000	£000
	Expenditure:		
5,556	Repairs and maintenance	5,295	
8,278	Supervision and management	8,784	
23,193	Depreciation and impairment of non-current assets	22,082	
136	Debt management costs	136	
558	Movement in the allowance for bad debts	492	
37,721	**Total Expenditure**		**36,789**
	Income:		
(23,072)	Dwelling rents	(23,278)	
(573)	Non-dwelling rents	(571)	
(2,141)	Charges for services and facilities	(1,940)	
-	Grant Income	(95)	
(25,786)	**Total Income**		**(25,884)**
11,935	**Net Cost of HRA Services**		**10,905**
150	HRA services' share of Corporate and Democratic Core		150
210	HRA share of other amounts included in the whole authority Cost of Services but not allocated to specific services		5
12,295	**Total Net Cost/ (Income) for HRA Services as reported in the Comprehensive Income and Expenditure Statement**		**11,060**
	HRA Share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
(585)	(Gain) or loss on sale of HRA non-current assets		(375)
2,046	Interest payable and similar charges		1,937
(75)	Interest and investment income		(24)
521	Pensions interest cost and expected return on pensions assets		396
(933)	Capital grants and contributions receivable		(943)
13,269	**(Surplus)/ deficit for the year on HRA services**		**12,051**

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Movement on the HRA Statement

2019/20 £000		2020/21 £000	£000
(19,177)	Balance on the HRA at the end of the previous year		(11,289)
13,269	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	12,051	
(5,381)	Adjustments between accounting basis and funding basis under statute	(11,297)	
7,888	(Increase) or decrease on the HRA		754
(11,289)	**Balance on the HRA at the end of the current year**		**(10,535)**

An analysis of the adjustments of £11,297k is detailed in the table below:

2019/20 £000		2020/21 £000
4,025	Difference between any other item of income and expenditure determined in accordance with the code and determined in accordance with HRA requirements	1,378
586	Gain or loss on sale of HRA non-current assets	375
(1,448)	HRA share of contributions to or from the Pensions Reserve	(723)
5,414	Capital expenditure funded by the HRA	409
8,301	Transfer to the Major Repairs Reserve	8,403
(22,259)	Other transfers to/ (from) the Capital Adjustment Account	(21,139)
(5,381)	**Total adjustments between accounting basis and funding basis under statute**	**(11,297)**

Notes to the Housing Revenue Account

1) HOUSING STOCK

The Council was responsible for the management of approximately 5,700 dwellings during the year. The changes in stock levels during the year were:

	Houses and Bungalows	Flats and Maisonettes	Total
Housing stock as at 01 April 20	3,360	2,343	**5,703**
Acquisitions	9	2	**11**
New Build	8	4	**12**
Sales	(14)	(4)	**(18)**
Reclassified	(10)	9	**(1)**
Housing stock as at 31 March 21	**3,353**	**2,354**	**5,707**

2) HRA FIXED ASSETS MOVEMENTS

	-----------------Non-current assets-----------------				
	Council Dwellings £000	Other Land and Buildings £000	Plant/ Vehicles & Equipment £000	Infrastructure Assets £000	Total £000
Cost or Valuation					
As at 01 April 20	210,647	5,545	1,021	134	**217,347**
Additions	13,132	65	-	-	**13,197**
Revaluations	(427)	1,051	-	-	**624**
Derecognition - disposals	(736)	-	-	-	**(736)**
Other movements in cost or valuation	2,092	-	-	-	**2,092**
As at 31 March 21	**224,708**	**6,661**	**1,021**	**134**	**232,524**
Accumulated Depreciation & Impairment					
As at 01 April 20	(1,036)	(137)	(760)	(20)	**(1,953)**
Depreciation charge	(7,963)	(159)	(192)	(6)	**(8,320)**
Revaluations	9,148	293	-	-	**9,441**
Other impairment losses	(170)	-	-	-	**(170)**
Derecognition - disposals	21	-	-	-	**21**
As at 31 March 21	**-**	**(3)**	**(952)**	**(26)**	**(981)**
Net Book Value					
at 31 March 20	209,611	5,408	261	114	**215,394**
at 31 March 21	**224,708**	**6,658**	**69**	**108**	**231,543**
Nature of holdings at year end					
Owned	**224,708**	**6,658**	**69**	**108**	**231,543**

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The vacant possession value of Council Dwellings at 31st March 2021 was estimated to be £562m. The difference between this and the Balance Sheet Value of £224.7m represents the economic cost to the Council of providing council housing at less than open market rents.

3) CAPITAL EXPENDITURE

The Housing Revenue Account capital expenditure and its financing was:

2019/20 £000		2020/21 £000
	Capital Expenditure:	
	Property, Plant & Equipment:	
14,770	Dwellings	13,132
4	Land & Buildings	65
2,366	Assets Under Construction	1,565
80	Intangible Assets	367
17,220	**Total Capital Expenditure**	**15,129**
	Funded by:	
1,655	Borrowing not attracting Government support	795
839	Usable capital receipts	392
5,414	Revenue contributions	409
934	External grants and contributions	943
8,378	Major Repairs Reserve	12,590
17,220	**Total Funding**	**15,129**

4) MAJOR REPAIRS RESERVE

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

2019/20 £000		2020/21 £000
(378)	Balance at 1 April	(4,356)
(8,301)	Transfer from the HRA equal to depreciation	(8,403)
(4,055)	Additional voluntary contribution transferred from the HRA	(1,443)
8,378	Amounts applied to finance capital expenditure	12,590
(4,356)	**Balance at 31 March**	**(1,612)**

The additional contribution made to the Reserve during 2020/21 is to set aside resources to fund capital expenditure that was originally profiled to be spent during 2020/21 but due to programme slippage will now be completed during 2021/22.

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 2.14% of the gross rent income (2019/20: 1.65%). Average rent for the year was £78.62 a week compared to £76.56 in 2019/20.

6) RENT ARREARS AT 31st MARCH

2019/20 £000		2020/21 £000
2,620	Gross arrears	2,691
2,114	Bad debt provision	(2,356)
11.4%	Gross arrears as percentage of gross rent income	11.6%

7) CAPITAL RECEIPTS

2019/20 £000		2020/21 £000
(2,460)	Sale of dwellings under right to buy	(1,091)
598	Amounts pooled to Central Government	584
(1,862)	**Net capital receipts**	**(507)**

8) PENSIONS RESERVE CONTRIBUTION

2019/20 £000		2020/21 £000
(927)	Difference between current service cost of pensions and past service cost in accordance with IAS 19 and actual employers' contributions	(327)
(521)	Net Interest on pension liability	(396)
(1,448)	**Total**	**(723)**

Collection Fund

Income and Expenditure Statement

2019/20 Business Rates £000	2019/20 Council Tax £000	2019/20 Total £000		2020/21 Business Rates £000	2020/21 Council Tax £000	2020/21 Total £000
			INCOME			
-	(72,865)	(72,865)	Income from council tax	-	(75,394)	(75,394)
(35,830)	-	(35,830)	Income collectable from business ratepayers	(23,402)	-	(23,402)
			Contributions towards previous year estimated deficit:			
176	-	176	- Nuneaton and Bedworth Borough Council	120	-	120
44	-	44	- Warwickshire County Council	30	-	30
221	-	221	- Central Government	151	-	151
(35,389)	**(72,865)**	**(108,254)**	**Total Income**	**(23,101)**	**(75,394)**	**(98,495)**
			EXPENDITURE			
			Apportionment of previous year estimated surplus:			
-	75	75	- Nuneaton and Bedworth Borough Council	-	155	155
-	68	68	- Warwickshire Police and Crime Commissioner	-	151	151
-	451	451	- Warwickshire County Council	-	948	948
			Precepts, demands and shares:			
13,741	8,801	22,542	- Nuneaton and Bedworth Borough Council	13,778	9,168	22,946
-	8,587	8,587	- Warwickshire Police and Crime Commissioner	-	9,142	9,142
3,435	53,927	57,362	- Warwickshire County Council	3,445	57,197	60,642
17,177	-	17,177	- Central Government	17,223	-	17,223
			Charges to the collection fund:			
341	600	941	- Increase in bad debt provision	896	637	1,533
1,316	-	1,316	- Increase in provision for appeals	696	-	696
18	-	18	- Transitional payments payable	155	-	155
131	-	131	- Cost of collection allowance	129		129
36,159	**72,509**	**108,668**	**Total Expenditure**	**36,322**	**77,398**	**113,720**
770	(356)	414	**(Surplus)/ Deficit for the year**	13,221	2,004	15,225
(1,324)	(690)	(2,014)	Fund Balance Brought Forward	(554)	(1,046)	(1,600)
(554)	**(1,046)**	**(1,600)**	**Fund balance at 31st March: (Surplus)/ Deficit**	**12,667**	**958**	**13,625**
			Analysis of Fund Balance (Surplus)/ Deficit			
(222)	(129)	(351)	- Nuneaton and Bedworth Borough Council	5,067	116	5,183
-	(126)	(126)	- Warwickshire Police and Crime Commissioner	-	116	116
(55)	(791)	(846)	- Warwickshire County Council	1,267	726	1,993
(277)	-	(277)	- Central Government	6,333	-	6,333
(554)	**(1,046)**	**(1,600)**		**12,667**	**958**	**13,625**

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Notes to the Collection Fund

1) NATIONAL NON-DOMESTIC RATES (NNDR)

The total non-domestic rateable value at 31st March 2021 was £87,529,005 (£87,624,385 as at 31st March 2020) and the national non-domestic rate multiplier for the year was 51.20p (2019/20: 50.4p). The small business rate relief can be applied in qualifying circumstances and provided a reduced multiplier of 49.9p for 2020/21 (2019/20: 49.1p).

From 1st April 2013 the collection and re-distribution of NNDR has 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.

The introduction of these reforms did not changed the amounts due to be paid by businesses.

2) CALCULATION OF 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).

In order to collect the total precept requirements of £75.5m (2019/20: £71.3m) a Band D Council Tax of £1,965.50 was determined (2019/20: £1,893.45).

In April 2013 the national council tax benefit system was replaced with a local council tax support scheme. The effect of these changes is reflected in a change in the council tax base calculation as support is now provided in the form of a discount instead of a benefit, resulting in lower council tax bills issued for those in receipt of support.

The effect of these changes can be seen in the following table detailing the calculation of the council tax base:

	Number of chargeable properties		Adjusted property base (Band D Equivalent)	
	2020/21	**2019/20**	**2020/21**	**2019/20**
Valuation Band (Multiplier)				
A - Disabled Relief Reduction (5/9)	**46**	39	**26**	22
A - (6/9)	**17,962**	17,966	**11,975**	11,977
B - (7/9)	**11,979**	11,896	**9,317**	9,252
C - (8/9)	**12,240**	12,014	**10,880**	10,679
D - (9/9)	**6,778**	6,672	**6,778**	6,672
E - (11/9)	**2,620**	2,498	**3,202**	3,053
F - (13/9)	**705**	676	**1,018**	976
G - (15/9)	**164**	160	**273**	267
H - (18/9)	**5**	7	**10**	14
Totals	**52,499**	51,928	**43,479**	42,912
Reduction due to estimated Council Tax Support needs			**(4,520)**	**(4,521)**
Resultant Band D Equivalents			**38,959**	**38,391**
Assumed Collection Rate			**98.50%**	98.00%
Plus adjustment for Armed Forces Dwellings			**41**	41
Total Taxbase			**38,416**	37,664

Annual Governance Statement

Nuneaton and Bedworth Borough Council

ANNUAL GOVERNANCE STATEMENT
For the period 1st April 2020 to 31st March 2021

Scope of responsibility

Leader & Executive Director - Resources on behalf of Nuneaton and Bedworth Borough Council

This is an electronic copy without an electronic signature. The original was signed as dated above and a copy can be obtained from the Head of Financial Services.

Glossary of Terms

Agency

Where one Authority (the main Authority) pays another Authority (the agent) to do 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 our 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 our spending plans. The Council's financial year starts on 1st April and ends on 31st March.

Business rates (Non-Domestic Rate – 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

Our plan of future spending on capital projects such as buying land, 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.

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 (this Council) to receive Business Rates income and to make payments to the County Council, Central Government and this Council based on the proportionate share. It also collects Council Tax and pays the precept demands to the County Council, Police and Crime Commissioner and this 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 your property is in. Reductions are given for empty properties or if you live on your own. 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

People or organisations we owe money to for work, goods or services, which have not been paid for by the end of the financial year.

Current assets

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

Current liabilities

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

Current service cost

The current service cost is the increase in the value of the pension scheme's future pension liabilities arising from the employee’s on-going membership of the pension scheme.

Current spending

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

Curtailment costs

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

Debtors

People who owe us money that is not 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

Our financial year starts 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 providing our services before allowing for government grants or other income.

International Financial Reporting Standards (IFRS)

Accounting standards/ practices on the way we need to treat certain items in our accounts.

Inventories

Goods bought which have not yet been used.

Leasing

A method of renting the use of vehicles, machinery and equipment. The items do not belong to us, but are the property of the leasing company to whom we pay rentals.

Levy

A charge against the Authority based on a proportion of any excess business rates collectable compared to the governments determined level of rates collectable.

Liabilities

Money we will have to pay to people or organisations in the future.

Loss

The amount left over when expenses are higher than all income received.

Minimum revenue provision (MRP)

The statutory minimum amount by which 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 allowance for interest on the current service cost.

Net spending

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

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 us.

Overheads

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

Past service costs

The past service cost is the extra liability that arises when the Council grants extra retirement benefits that did not exist before.

Petty Cash

Small sums of cash kept by departments to pay minor expenses.

Precept

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

Property, Plant and Equipment

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

Provisions

Money 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 they can afford to undertake 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 on the rent that the property might earn, after deducting the cost of repairs and insurance. The rateable value is determined by Valuation Office Agency.

Reimbursements

Payments we receive for work we do for other public organisations, for example, the Government.

Reserves and funds

Savings we have built up from surpluses.

Revaluation Reserve

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

Revenue spending

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

Revenue Support Grant

The government grant to support Local Authority services.

Specific grants

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

Surplus

The remainder after taking away all expenses from income.

Tariff

A payment to Central Government calculated as the difference between the Business Rates Baseline (the governments assumed level of collectable business rates) and the Spending Needs Baseline (the governments 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, taking into account the number of properties on which a tax can be levied. The Tax base counts properties as Band D equivalents .For setting Council Tax, the tax base is based on the District or Borough Council's number of Band D equivalent properties within each Local Authority area, allowing for 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 the Government itself can borrow.

Virement

The transfer of budget from one spending head to another. Limits on the amount of transfers are specified in the Council's Financial Regulations.

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

Report on the Audit of the Financial Statements

This is an electronic copy without an electronic signature. The original was signed as dated above and a copy can be obtained from the Head of Financial Services.

Annual Governance Statement

Nuneaton and Bedworth Borough Council

ANNUAL GOVERNANCE STATEMENT
For the period 1st April 2020 to 31st March 2021

Scope of responsibility

Nuneaton and Bedworth Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively. In discharging this responsibility, Councillors and Senior Officers are responsible for putting in place proper arrangements for the governance of Nuneaton and Bedworth Borough Council's affairs and for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

To this end, Nuneaton and Bedworth Borough Council has approved and adopted a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government 2016*. A copy of the local code can be found on the Council's website.

This statement explains how Nuneaton and Bedworth Borough Council has complied with the code and also meets the requirements of regulation 6 of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement.

The purpose of the governance framework

The governance framework comprises the systems and processes for the direction and control of the Authority and its activities through which it accounts to, engages with, and leads the community. It enables the Authority to monitor the achievements of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Nuneaton and Bedworth Borough Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically.

The governance framework has been in place at Nuneaton and Bedworth Borough Council for the year ended 31st March 2021 and up to the date of approval of the Annual Report and Statement of Accounts.

Impact of the Covid-19 Pandemic on the governance arrangements

(this is a recommended section from CIPFA to show where significant changes to the governance arrangements had to be made and, in the conclusion, or opinion whether the arrangements remain fit for purpose)

Review of effectiveness

Nuneaton and Bedworth Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

The review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors and the Head of Audit and Governance's Annual Report.
- Directors within the Authority who have responsibility for the development and maintenance of the internal control environment; and
- comments made by the external auditors and other review agencies and inspectorates.

Assurance statements have been received from the Executive Directors and Directors setting out their confirmation that the control systems in place are adequate and that they are being complied with.

The review for the 2020-21 statement has been carried out by the Management Team and the final statement was approved on 16rd October 2021.

The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control includes:

Corporate Governance and Council

- The Monitoring Officer has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect
- The Council reviews the Local Code of Corporate Governance on a regular basis and adopts an action plan to deal with any issues. The Audit and Standards Committee approved a revised Local Code in July 2018, which is consistent with the principles set out in the Cipfa/Solace Delivering Good Governance in Local Government Framework 2016.
- The Anti-Fraud and Bribery Strategy and Fraud Response Plan demonstrate the Council's commitment to the prevention and detection of all types of fraud, corruption and bribery and extends to members, employees, and partners. It also puts the onus on managers to create an environment in which employees, contractors and partners feel able to approach them with concerns. A revised Anti-Fraud and Bribery Strategy was approved by the Audit and Standards Committee in January 2018.
- The Head of Audit and Governance has been appointed as the Council's 'Whistleblowing Officer' and will be the first point of contact in conjunction with the Monitoring Officer to receive concerns that are raised under the Council's Confidential Reporting Code.
- Scrutiny Panels (SP's) can 'call in' a decision which has been made by the Cabinet, Portfolio Holder, or other authorised decision taker, where it has not yet been implemented, to enable them to consider whether the decision is appropriate. They allow people to have a greater say in Council matters by holding public inquiries into matters of local concern.
- The Council's Partnership Framework supports the planning and delivery of effective partnership working and ensures that any partnerships the Council is involved in are managed with appropriate governance arrangements. A revised Framework was approved by the Audit and Standards Committee in March 2018.
- Scrutiny Panels receive regular reports on the work of the key partnerships.
- The Council has in place a Proceeds of Crime (Anti Money Laundering) Framework, which aims to maintain high standards of conduct and prevent criminal activity through money laundering. A revised Framework was approved by the Audit and Standards Committee in November 2017.
- On the 17th April 2013 the Council approved a revised policy for inclusion in the Constitution on Gifts & Hospitality which incorporates the changes brought about by the Bribery Act 2010**.** The policy was reviewed during 2020/21 and a revised version is to be approved by Council in April 2021.

- An annual report is presented to Elected Members to consider the Register of Members Interests and the content of the registers of Gifts and Hospitality for Members and Officers. The last report was presented to the Audit and Standards Committee in November 2019.
- The Council has approved changes to the Constitution where appropriate to ensure decision making is legal, timely and robust. There is a Constitution Review Working Party which oversees and make recommendations on the Constitution.
- The Council has a trading arm – NABCEL – which operates commercially. There is a Shareholder Agreement in place which sets out clearly the decision-making responsibilities of both NABCEL and the Council as the only shareholder. The Shareholder Role is exercised through a politically balanced committee of Cabinet.
- The Council has a zero tolerance to all forms of fraud and corruption. The Council employs a Counter Fraud Officer who works closely with the Revenue and Benefits and Housing Teams to identify, deter, and prevent fraud.
- The Council has a joint working arrangement with the Department for Work and Pensions so cases which involve both Housing Benefit and a Council Tax Reduction will be investigated jointly.
- The Council's Management Team had an action plan related to the UK's exit from the European Union. This has included preparing guidance for local businesses and writing to suppliers to seek assurance about their ability to continue with Council contracts. Management Team has continued to monitor the impact of Brexit since 1st January 2021, when the UK left the EU with a particular focus on Settled Status and impact on the Councils supply chain.

Information Management

- A revised Information Governance Framework, ICT Code of Conduct for Employees, and the Members Protocol for use of the Council's ICT Resources was approved by the Portfolio Holder for Central Services in August 2017
- The Corporate Governance Group (CGG) has taken on the role of the Corporate Information Governance Group (CIGG). The CGG consider information management issues on a monthly basis and approve an action plan for the Operational Information Management Group to monitor
- The Information Management Group is made up of Senior Managers that represent all Council Directorates
- The Director Customer Services & Business Improvement has been appointed as the Senior Information Risk Owner and the Head of Audit and Governance is the Deputy.
- A Data Protection Officer has been appointed.
- The Council has introduced an electronic process for reporting data breaches and near misses internally to the Data Protection Officer and to the Senior Information Risk Owner to ensure that all appropriate action can be taken promptly

- All data breaches and near misses are discussed with the Corporate Governance and Information Governance Groups to enable any lessons learned to be shared
- All employees and senior managers have received data protection training
- Subject Access and other information rights requests are processed in line with the new statutory timescales
- The Council carries out an annual compliance check to ensure its infrastructure is sufficiently secure to connect to the Public Service Network. This was completed in 2020 and the current certificate will expire in August 2021.

The Council was assessed as meeting the Government backed Cyber Essentials Scheme and as such has defences that are satisfactory against commodity based cyber-attacks. The certificate expired in December 2018 and was to be renewed when the unsupported Northgate Housing Software was replaced. There was a significant delay in the implementation with the new CX system, however this work is now complete. As a result, the Cyber Essentials accreditation is in the process of being renewed.

Audit and Standards Committee

- The purpose of the Council's Audit and Standards Committee is to provide independent assurance of the adequacy of the risk management framework and the internal control environment. It provides an independent review of governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal and external audit, helping to ensure efficient and effective assurance arrangements are in place.
- In order to ensure high standards of conduct and probity, the Committee also plays a key part in strengthening and maintaining the highest standards of ethical conduct which the public is entitled to expect from both Members and Officers of the Council

Management Team

- The Management Team meets on a weekly basis and reviews progress on performance measures, risk management reviews and inspections at the end of each month. These are done by exception to focus attention on key issues that may require action. Management Team and Cabinet also receive a monthly Strategic Performance Report showing key financial and non-financial performance data, using a 'traffic light' system.

- From June 2018, the Management Team structure consisted of two Executive Directors and four Directors. At the start of the municipal year 2020/2021, one Director retired which allowed for a review of responsibilities. A mini-restructure of the Team occurred transferring responsibilities between the Directors and the Executive Directors. This took effect from 1st June 2020.
- Towards the end of the financial year, a further Director retired opening up the opportunity to review the structure of Management Team. This review will take place in the following municipal year 2021/2022.

Performance Management

- The TEN Performance Management System is used to report performance to officers, members and the public and highlight under-performing services. Corrective action plans are then put in place to address issues. Performance management is reported to Scrutiny Panel on a quarterly basis during the year, via integrated finance and performance reports.
- The Council's Performance Management Framework was updated and approved by the Audit and Standards Committee in November 2019 and is now included in the Council's Constitution.
- Greater use of benchmarking is now used in the Performance Reports to enable the Council to be measured against good performance and the intention is to continually enhance this further on an on-going basis.
- The Council continues to use Organisational transformation approaches as a means of improving service delivery and overall value for money. A number of reviews have taken place in 202021, including Insurance Claims which is now complete and Corporate Income Recovery which is at the experimental stage. Further to the review work undertaken in 2019 and as part of the new Grounds Maintenance contract, a customer enquiry system was introduced in July 2020 and elected members and members of the public are being encouraged to use. it.
- Services that have previously been subject to a performance review continue to embed continuous improvement which ensures continual monitoring and review to ensure the service is still providing an effective service to its customers.

Financial Management Arrangements

- The Council has appointed a Chief Financial Officer (CFO), which is a statutory post responsible for the financial management arrangements of the authority. The Executive Director – Resources and Housing is the CFO and is a member of the Management Team. The role conforms to the requirements within the updated CIPFA statement on the role of the CFO in Local Government.

- The Financial and Contract Procedure Rules are used by all officers and members to ensure effective use of resources and robust and transparent decision making. Both the FPR's and CPR's were reviewed in 2019/20 and were due to be approved by the Audit and Standards Committee in March 2020. However, that meeting was cancelled due to the emerging COVID19 pandemic and so they were approved under Delegated Authority by the Executive Director – Resources in May 2020.
- The revised Medium Term Financial Plan was reported to Cabinet in October 2019. It outlined the savings required over the period 2020-2023, based on the one-year 'roll-over' settlement offered by central government for 2020/21. High-level reviews of the Plan were carried out in October 2020 and February 2021 as part of the budget setting process. This noted that a more fundamental review of the Plan was difficult in the absence of a multi-year Settlement or Spending Review, which have been delayed by government due to COVID-19. The key messages from the Plan are communicated to all employees and the plan will be updated again during 2021 in the light of the Spending Review 2021 which is due to report in the autumn. . This will take into account any long term impact of COVID19 as well as the likely impact of the Business Rates Review and Fair Funding Review, if known at that point.
- The Treasury Management Strategy is reviewed each year, as a result of the economic conditions and investments in Icelandic banks. We have continued to keep our Counterparty list under review, in liaison with our external advisors. The Audit and Standards Committee has received reports on our Treasury activity quarterly during the year and twice yearly to Cabinet and Council
- The Corporate Governance Group monitors current and planned expenditure and income, highlighting emerging issues that will impact upon forward financial planning.
- Effective financial management arrangements have been crucial during the COVID-19 pandemic and the Quarter 1 budget monitoring report to Cabinet in November 2021 included some savings and other mitigating actions required to ensure the Council maintained financial sustainability over the course of the year.

Risk Management

- The Council's Risk Management Strategy was last updated and approved by the Audit and Standards Committee in November 2019. Risks are managed using Strategic and Operational Risk Registers
- The Audit and Standards Committee is required to consider the Council's Strategic Risk Register and ensure that it adequately addresses the risks and priorities of the Council.
- The Audit and Standards Committee is also responsible for monitoring the effective development and operation of risk management across the Council.

- Overview and Scrutiny Panels receive quarterly reports on the risks within the Strategic Risk Register that are relevant to their area of responsibility. At the end of the financial year, they have sight of the full register
- The Council insures against the risk of loss, particularly financial loss. The levels of cover and the excess amounts are continually reviewed and updated to reduce exposure to an acceptable level
- Since 1st April 2016 the insurance service has been provided by Warwickshire County Council under a formal service level agreement

Internal Audit

- Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisations operation. It is responsible for monitoring the quality and effectiveness of the control environment comprising risk management, control, and governance.
- A risk model is used to formulate the internal and computer audit plans which are agreed by the Management Team and approved by the Audit and Standards Committee.
- Where necessary, internal audit will identify areas for improvement and make recommendations and agree an action plan for Service Managers. A summary of the issues arising is presented to the Audit and Standards Committee twice a year. The last reports were considered by the Committee in July 2020 and November 2020.
- A review of the effectiveness of Internal Audit is completed annually; an external quality assessment was completed in January 2019 to ensure compliance with the Public Sector Internal Audit Standards. The overall conclusion was that the internal audit service complies with the Public Sector Internal Audit Standards and provides an efficient and effective service to the Council.

Identifying the needs of Officers and Members

- The Council has continued to develop Senior Managers with specific key learning topics, including regular finance updates, delivered at away days and is embedding the council’s values throughout the organisation. Due to the COVID-19 pandemic these have been delivered remotely to ensure messages are still cascaded through-out the organisation.
- The Councils values now form part of the recruitment process and employee’s annual development reviews.

- The Council has implemented a Corporate Training System, DELTA (Develop, Enhance, Learn, Train, and Accomplish) which holds all training courses including mandatory ones. The system holds employees individual training records and sends notifications for refreshers. This will give the Council a more effective method of ensuring all training, specifically mandatory, is up to date and will ensure that an attendance record is maintained.
- Employees are updated on corporate issues through regular communication updates, in addition to specific publications from Management Team, as well as annual finance updates and training opportunities. Corporate Governance Training for Elected Members takes place annually.

Significant governance issues

The COVID-19 pandemic has had an impact on the Councils ability to progress the Action Plan from 2019/20 as resources have been focused on the Councils response effort. The governance framework itself has been effective in assisting with this, particularly in terms of financial management where the financial impact of COVID-19 was closely monitored, and mitigating action put in place at an early stage.

An update on the action plan for 2020/21 is shown in the table below:

Action	**Responsible Officer**	**Completion Date**
Implement a Corporate Document Retention Policy	Head of Audit and Governance and Data Protection Officer	Carried forward to 2021/22
Corporate Governance training for Elected Members and Senior Managers	Director –Planning & Regulation and	Carried forward to 2021/22

	Head of Audit and Governance	
Review the draft Corporate Business Continuity Plan and ensure that it reflects the recent Management Team restructure and the resilience of IT facilities and workstations.	Director – Customer and Corporate Services Improvement and the Joint Emergency Planning Officer	Sept 2020 Currently Outstanding
Renew Cyber Essentials accreditation when the new CX Housing System has replaced the unsupported Northgate Software	Director – Customer and Corporate Services	November 2021
The Gifts and Hospitality Policy to be updated incorporating the recommendations from the Committee on Standards in Public Life	Director –Planning & Regulation	Complete
Review and implement the recommendations from the Committee on Standards and Public Life	Director –Planning & Regulation	Carried forward to 2021/22
Continue to embed a process of robust post-project reviews of capital projects	Executive Director Resources & Housing	Currently underway
Undertake training for the Audit and Standards Committee on the Statement of Accounts and Treasury Management	Head of Financial Services	Carried forward to 2021/22
Undertake training for the Audit and Standards Committee on the role of External Audit and the Audit Committee	Head of Audit and Governance	Carried forward to 2021/22

		planned for 29th June 2021

The review of the governance framework during 2020/21 has identified the following issues to be addressed in 2021/22:

Action	**Responsible Officer**	**Completion Date**
Implement a Corporate Document Retention Policy	Head of Audit and Governance and Data Protection Officer	March 2022
Corporate Governance Training Elected Members and Senior Manager	Head of Audit and Governance and Data Protection Officer	Elected Member Training planned for 27th May 2021 & Planned for 13th July 2021 Senior Managers planned for March 2022
Undertake training for the Audit and Standards Committee on the Statement of Accounts and Treasury Management	Head of Financial Services	Planned for 29th June 2021
Undertake training for the Audit and Standards Committee on the roles of internal and external audit	Head of Audit and Governance	Planned for 29th June 2021

Undertake training for the Audit and Standards Committee on dealing with complaints and hearings sub-committees	Director –Planning & Regulation	Planned for July 2021
Adoption of the new Code of Conduct for Elected Members	Director –Planning & Regulation	Planned for April 2022

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness. This Statement is intended to provide reasonable assurance on the strength of the authority's governance arrangements, although no system of control can provide absolute assurance against material misstatement or loss. The review of the control environment and governance framework has concluded that it is sound and fit for purpose and the actions needed above will ensure that further improvements are made. These issues will be addressed during 2021/22 and the action plan will be monitored by the Corporate Governance Group.

Signed (Leader): ……………………

Councillor Kristopher Wilson………………………………
Date: XX 2021…………………………………….

Signed (Chief Executive): …………
 Brent Davis ……………..……………………………
Date: XX 2021.…………………………………

Leader and Chief Executive on behalf of Nuneaton and Bedworth Borough Council