

# Nuneaton and Bedworth Borough Council



## Statement of Accounts 2023/24

# Statement of Accounts

## 2023/24

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# Narrative Report

## INTRODUCTION

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

The Statement of Accounts have been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA), and in conjunction with the guidelines contained within the latest Code of Practice on Local Authority Accounting in the United Kingdom for 2023/24 (The Code).

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

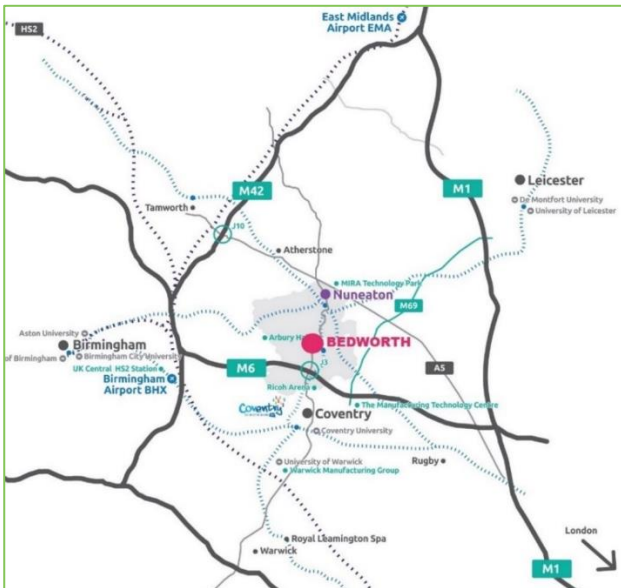
The Statement of Accounts presents the financial position and performance of the Council for the year ended 31<sup>st</sup> March 2024. It also provides information to members of the public, including electors and residents of the Borough, Council members, partners, stakeholders, and any other interested parties that the public money with which the Council has been entrusted has been used and accounted for in a legal and responsible manner.

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

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

## INTRODUCTION TO NUNEATON & BEDWORTH

### The Borough



Nuneaton and Bedworth Borough Council is located in a primarily urban area in the north of Warwickshire, covering approximately 78.95 km<sup>2</sup>. It covers the two densely populated towns – Nuneaton and Bedworth, in addition to the village of Bulkington and some surrounding land. Nuneaton is the largest town within Warwickshire. The population of the borough is approximately 134,200 (*source: Office of National Statistics*) and enjoys a central location at the heart of the midland's motorway network.

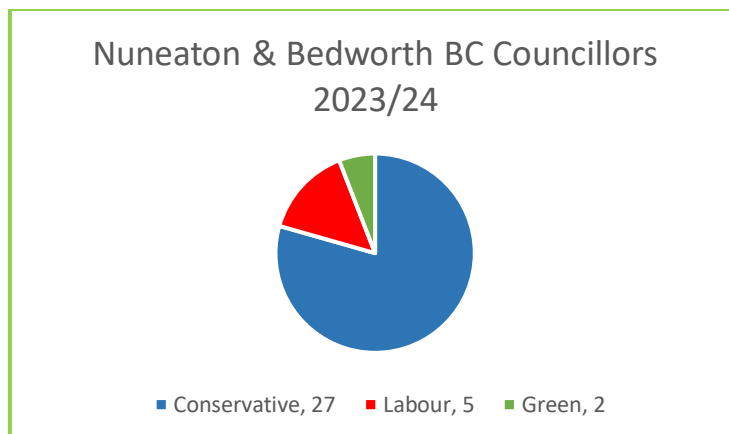
The Borough borders Rugby to the east and North Warwickshire to the west. To the south it borders Coventry and the West Midlands, and to the north Hinckley and Bosworth Borough Council in the county of Leicestershire.

Nuneaton and Bedworth has a rich and proud manufacturing heritage, mainly supporting the car industry but service industries and logistics are now becoming a much bigger sector of businesses within the Borough. Generating further economic growth is recognised as the key priority to create future prosperity and employment opportunities for people, living, working, and visiting the Borough.

### The Council

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

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



## How we work

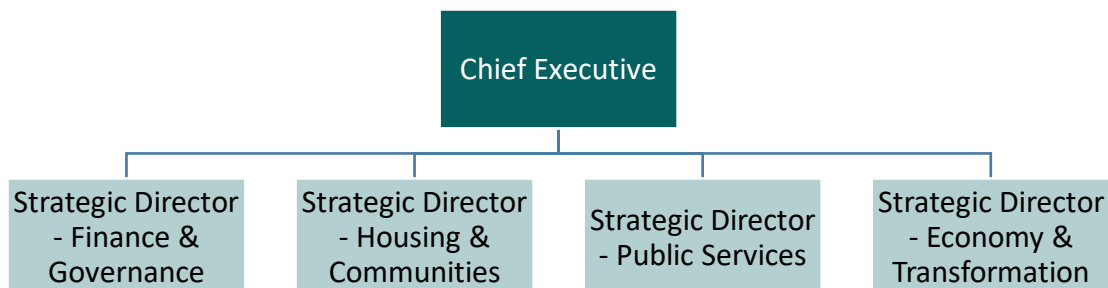
The Council has adopted the Leader and Cabinet model, as its political management structure arising from the Local Government and Public involvement in Health Act 2007. During 2023/24 the Leader of the Council and five Portfolio holders made up the Cabinet.

The Cabinet members are held to account by a system of scrutiny which is also set out in the Council's constitution. There were three scrutiny panels during 2023/24 undertaking this role covering all the services provided by the Council. Councillor Kristofer Wilson was Leader for the 2023/24 municipal year.

The management structure supports the work of Councillors, and the Management Team consists of the Chief Executive, four Strategic Directors, including those with statutory responsibility. For 2023/24 the Head of Legal Services was the Council's Monitoring Officer, and the Strategic Director – Finance & Governance was the Council's Chief Finance Officer (Section 151 officer), who under statute is responsible for the administration of the Council's financial affairs.

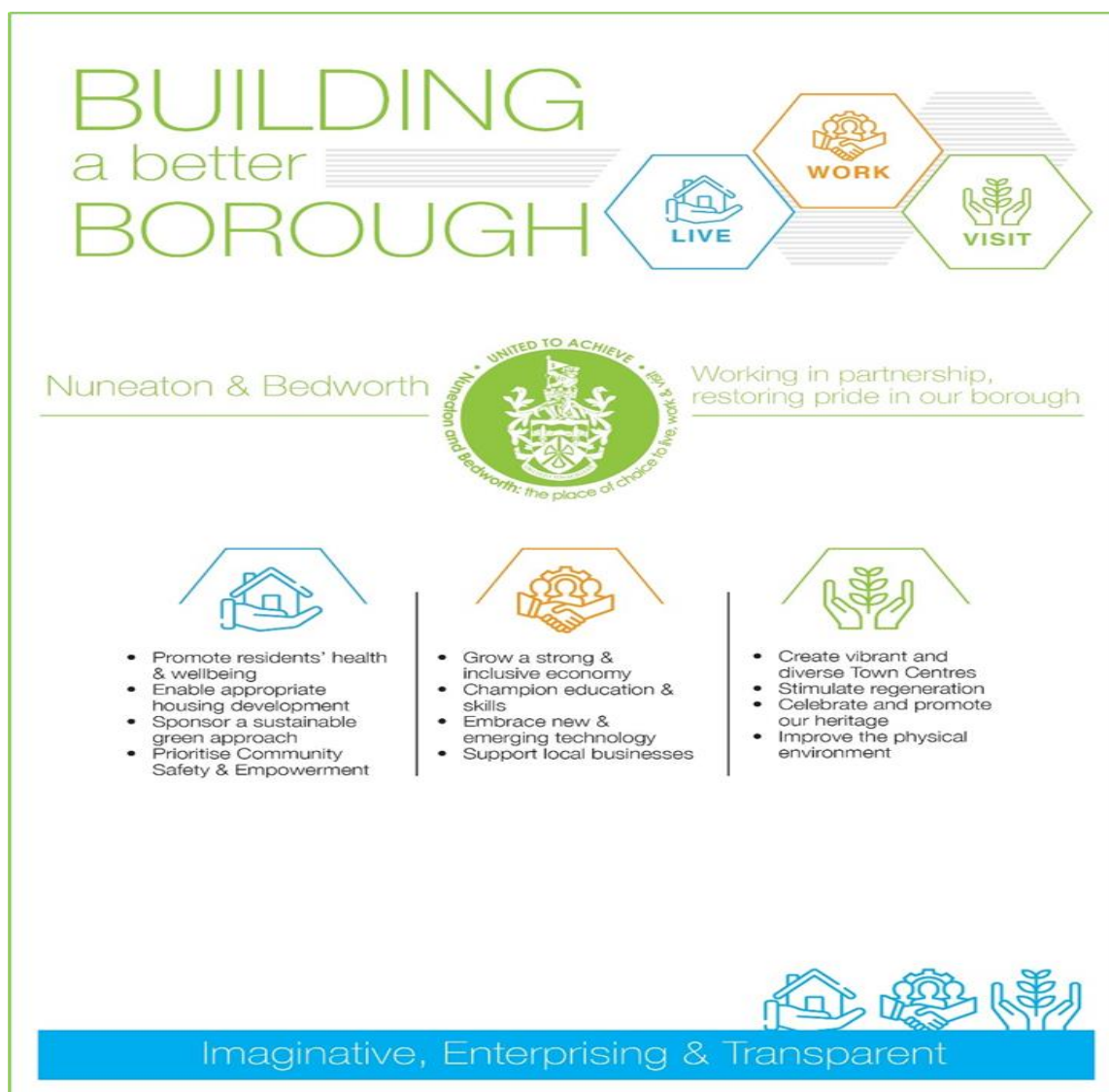
The Management Team has overall responsibility for the delivery of council services, directing improvements and future plans for Nuneaton and Bedworth. It provides managerial leadership and supports Councillors to develop strategies and deliver plans, identify and plan resources and to review the authority's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

The organisation chart below shows the Management Team structure that was in place for 2023/24 with the Chief Executive leading the management team of the Council:



## COUNCIL PERFORMANCE

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



## Governance Arrangements

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

Further detail on the Council's governance arrangements can be viewed in our Annual Governance Statement which was approved by Audit & Standards Committee on 10<sup>th</sup> September 2024 and can be found on the following link - [Annual Governance Statement | Transparency code | Nuneaton and Bedworth Borough Council](#)

## EXPLANATION OF THE FINANCIAL STATEMENTS

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

### Movement in Reserves Statement (MIRS)

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

- The Movement in Reserves Statement shows a £0.4m decrease in usable resources for 2023/24. The balance of these usable reserves stood at £44.1m as at 31<sup>st</sup> March 2024.

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

### Comprehensive Income & Expenditure Statement (CIES)

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

- A deficit of £2.9m on the provision of services is reported for 2023/24 compared to a surplus of £3.9m for 2022/23.

### Balance Sheet

This shows the value of the Council's assets and liabilities. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. The overall value of the Council's net assets has increased to £391.2m from £312.8m.

## **Assets**

Non-current assets increased by £89.3m due to the revaluation of assets, increased assets under construction with the regeneration of Nuneaton fully underway plus an increased pension asset after revaluation.

Current assets increased by £0.2m due to the increase of short term debtors due to local authorities and HMRC partially offset by the use of investments to support the funding of the regeneration programme.

## **Liabilities**

The liabilities of the Council have increased between years by £11.2m due mainly to additional borrowing plus an increased level of grant income received in advance, both of which are for capital projects..

## **Cash Flow Statement**

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

## **Changes to the Financial Statements**

There have been no significant changes to the Financial Statements between 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2024, but some disclosures may have been updated to comply with best practice reporting.

## **Accounting Policies**

The Council's Accounting Policies are set out in note 1 to the Financial Statements. There have been no significant changes to the policies between 2022/23 and 2023/24.

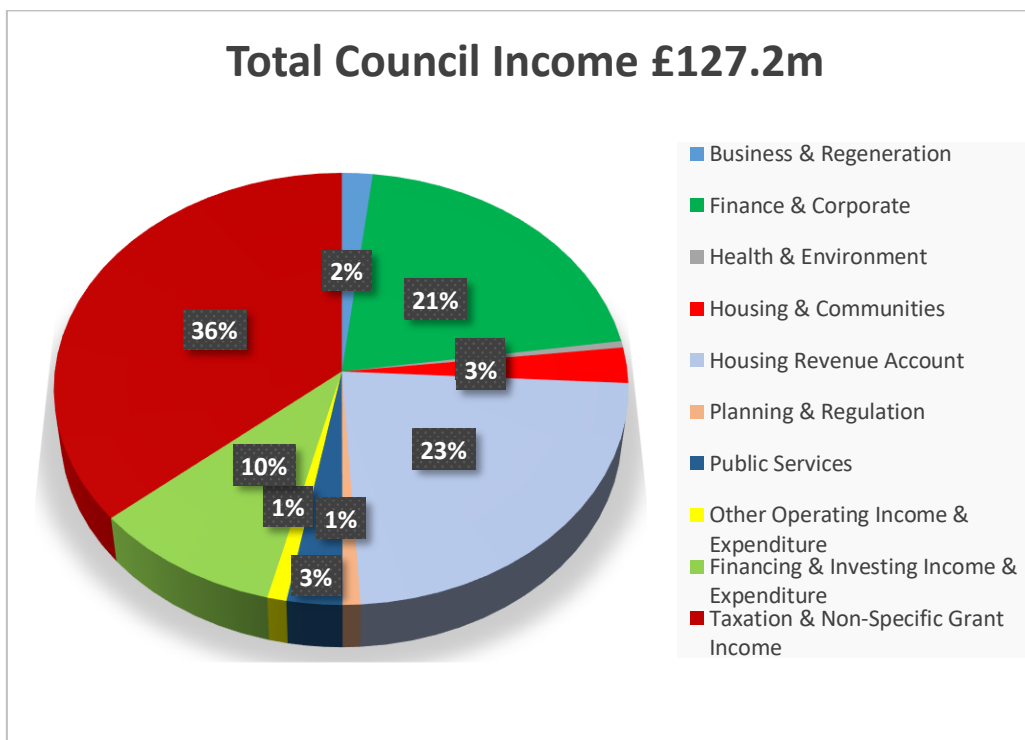
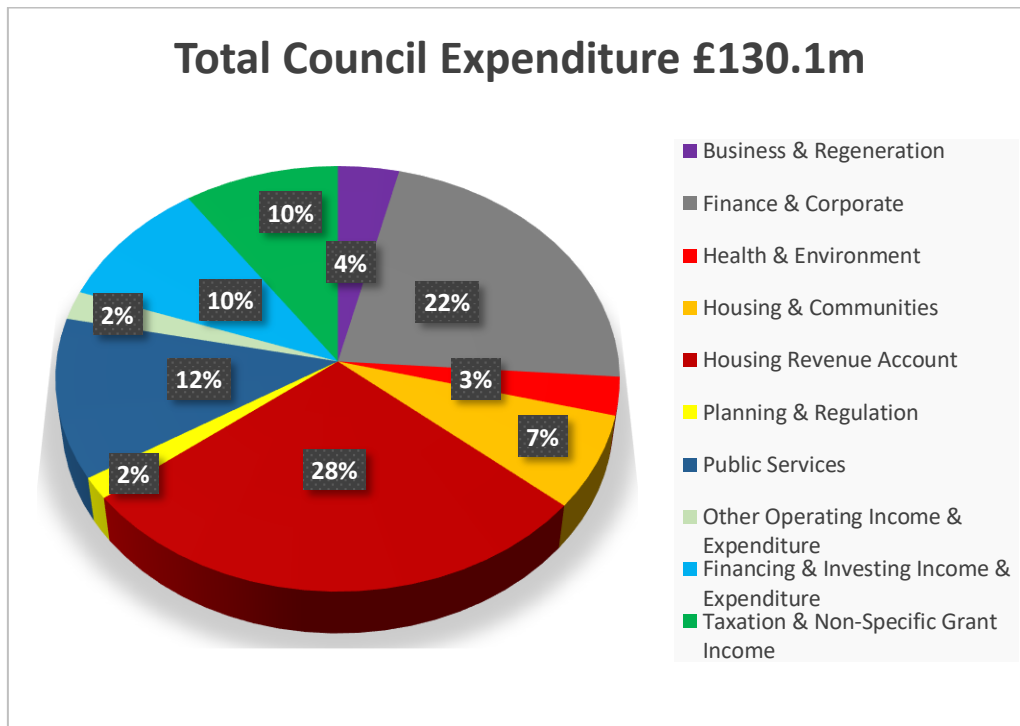
## **SUMMARY OF FINANCIAL PERFORMANCE & RISKS**

### **Income & Expenditure of the Council**

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

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

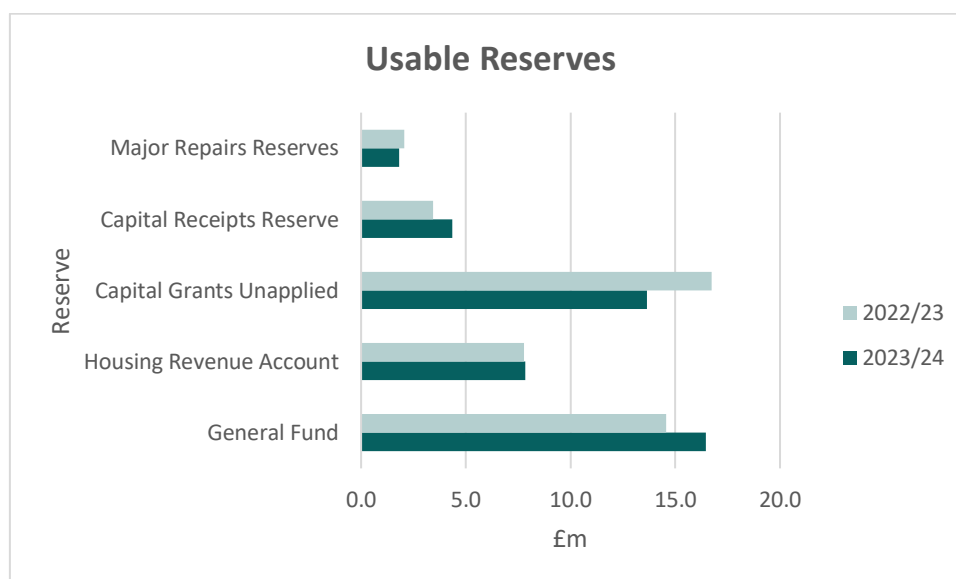
The Council's Comprehensive Income & Expenditure Statement is reported in line with the Cabinet portfolios and the charts below show the expenditure incurred and income received during 2023/24:



## Council Reserves

The Council's usable reserves have decreased to £44.1m from £44.6m due to the utilisation of capital grant receipts for ongoing regeneration projects. The General Fund usable reserves increased due to a surplus in year plus contributions to earmarked reserves. The

HRA usable revenue reserves remained consistent between years with a small surplus contributed in year and no movement on earmarked reserves.



Unusable reserves have increased to £347.1m from £268.3m due mainly to an increased valuation of assets and a revaluation of the pension fund. A summary of the financial performance in year is listed below with links to the relevant Cabinet and Council reports for further detail.

### General Fund

For the 2023/24 financial year, the Council set a net expenditure budget for the General Fund of £16.906m expecting a small surplus in year of £0.003m. A Band D Council Tax of £255.94 was approved which was an increase of 2.99% and generated a precept of £10.039m. Core funding through Business Rates and other Government Grants totalled £6.871m.

The position was balanced by March 2024 and there was an underspend of £0.344m in year relating mainly to increased investment income and business rates income but a reduction in recycling income was seen due to the market taking a downturn.

No drawdown on earmarked reserves was required in year and a contribution was made to support financial resilience. An additional contribution to capital was also made. The Council transferred all recycling materials to the Sherbourne Recycling plant in Autumn 2023 and it is expected to improve the overall cost of the recycling service. Progress will be reported to Cabinet during 2024/25.

### Housing Revenue Account (HRA)

The budget for the HRA in 2023/24 was set as a deficit of £0.254m for the year due to increasing the levels of capital expenditure plus interest payments for borrowing. The deficit was to be funded by reserves set aside from previous capital underspends plus the general reserve.

Increased utility and borrowing costs were seen in year due to inflationary pressures but numerous cost savings were also seen in year. These savings alongside reduced capital

expenditure contributions resulted in a surplus of £0.041m. This was contributed to the HRA general reserve.

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

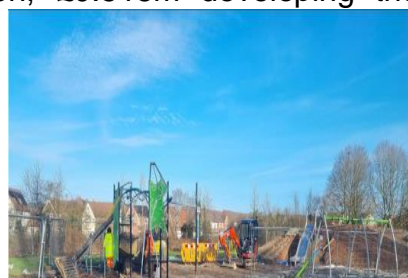
## Capital Expenditure & Financing

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

In 2023/24, the Council spent £41.894m on capital schemes with £17.338m spent on council housing, £16.064m on Nuneaton town centre regeneration, £0.515m developing the Bedworth Physical Activity Hub, £4.817m on disabled



adaptations through the HEART partnership (county-wide), £0.764m providing grants through the Green Homes scheme, £0.366m on specific grant funding from Government for shared prosperity, £0.233m redeveloping the Buttermere Recreation Ground with the remainder being spent on smaller adhoc projects.



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

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

[13 February 2023: Council | Nuneaton and Bedworth Borough Council](#)

## Medium Term Financial Planning

The medium-term financial strategy was presented to Cabinet in November 2022 and covers the period 2022 to 2027. An update to the financial plan was approved by Council in February 2024 as part of the budget setting process, the link can be found above.

## Commercial Activity

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



The first business stream that NABCEL operated was rental of private rented properties at full market rent. The company now manages a growing portfolio of properties plus two Bed and Breakfast establishments and also undertakes property

management, gas services and cleaning services. Further information on the turnover and costs of NABCEL can be found in Note 33.

During 2019 the Council became one of the five founding “Partner Councils” in a ground breaking project to jointly fund, build, own and operate a Sub-Regional Materials Recycling Facility (MRF) located across our border in Coventry. There are now eight partner Councils (Coventry City Council, Solihull MBC, Walsall MBC, Rugby Borough Council, North Warwickshire Borough Council, Stratford on Avon District Council, Warwick District Council and ourselves) and construction



*MRF Plant*

concluded on site during 2023/24 following a major procurement exercise for building and equipment suppliers. The facility opened in October 2023. Details on the shareholder agreement of the Council is in note 31.

## Financial Outlook and Financial Resilience

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

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

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

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

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

Inflationary pressures on contracts, materials, utilities and salaries have also impacted both the General Fund and HRA and although now seeing signs of levelling off, has added further pressure to an already stretched position for both Funds. The impact of increased interest rates will also continue to be a cause for concern on regeneration and new build projects.

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

## **The Future**

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

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

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

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

# Statement of Responsibilities

## Nuneaton and Bedworth Borough Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Strategic Director - Finance & Governance.
- 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 Strategic Director - Finance and Governance

The Strategic Director – Finance and Governance (Chief Finance Officer) 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 Strategic Director 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 Strategic Director has also:

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



## **Certificate of the S151 Officer**

The Statement of Accounts set out on pages 18 to 99 have been prepared in accordance with the Code. They present a true and fair view of the financial position of the Council at 31<sup>st</sup> March 2024 and of its expenditure and income for the year ended 31<sup>st</sup> March 2024.




**Victoria Summerfield (FCCA)**  
**Strategic Director - Finance and Governance (S151 Officer)**

**Date: 27<sup>th</sup> February 2025**

## 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 25<sup>th</sup> February 2025.



**Councillor Jack Bonner**  
**Chair of Audit & Standards**  
**Committee**

Date 27/02/2025

## Comprehensive Income and Expenditure Statement

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

£000	2023/24			2022/23		
	Expenditure	Income	Net	Expenditure	Income	Net
Business & Regeneration	4,925	(2,373)	2,552	3,746	(2,144)	1,602
Finance & Corporate	29,095	(26,505)	2,590	31,883	(24,796)	7,086
Health & Environment	3,778	(626)	3,152	3,698	(673)	3,025
Housing & Communities	9,297	(3,385)	5,912	10,368	(2,921)	7,447
Housing Revenue Account	36,803	(29,489)	7,314	39,878	(27,070)	12,808
Planning & Regulation	2,168	(1,173)	995	1,877	(1,229)	648
Public Services	15,809	(3,667)	12,143	11,694	(3,625)	8,069
<b>Cost of Services</b>	<b>101,875</b>	<b>(67,217)</b>	<b>34,658</b>	<b>103,144</b>	<b>(62,459)</b>	<b>40,685</b>
Other Operating Income & Expenditure	<i>Note 11</i>		1,561			743
Financing & Investing Income & Expenditure	<i>Note 12</i>		272			(1,859)
Taxation & Non-Specific Grant Income	<i>Note 13</i>		(33,572)			(43,538)
<b>(Surplus) / Deficit on Provision of Services</b>			<b>2,920</b>			<b>(3,969)</b>
(Surplus) / Deficit on Revaluation of Property Plant & Equipment			(71,302)			(18,467)
Remeasurement of the Net Defined Benefit Liability			(9,952)			(59,152)
<b>Total Comprehensive Income &amp; Expenditure</b>			<b>(78,335)</b>			<b>(81,588)</b>

## Movement In Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable reserves'. The (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the CIES. This is different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes.

### Movement in Reserves Statement 2023/24

<i>£'000</i>	General Fund	HRA	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Usable Reserves	Unusable Reserves	Total Reserves
<b>Balance at 31 March 2023</b>	<b>(14,550)</b>	<b>(7,784)</b>	<b>(3,427)</b>	<b>(2,064)</b>	<b>(16,737)</b>	<b>(44,562)</b>	<b>(268,327)</b>	<b>(312,889)</b>
Movement in Reserves during 2023/24:								
(Surplus) / Deficit on Provision of Services	(4,596)	7,515	0	0	0	2,920	0	2,920
Other Comprehensive Income & Expenditure	0	0	0	0	0	0	(81,254)	(81,254)
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>(4,596)</b>	<b>7,515</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,920</b>	<b>(81,254)</b>	<b>(78,335)</b>
Adjustments between Accounting & Funding basis (note 9)	2,698	(7,564)	(918)	234	3,077	(2,473)	2,473	0
<b>(Increase) / Decrease in 2023/24</b>	<b>(1,898)</b>	<b>(49)</b>	<b>(918)</b>	<b>234</b>	<b>3,077</b>	<b>446</b>	<b>(78,781)</b>	<b>(78,335)</b>
<b>Balance at 31 March 2024</b>	<b>(16,448)</b>	<b>(7,833)</b>	<b>(4,344)</b>	<b>(1,830)</b>	<b>(13,660)</b>	<b>(44,116)</b>	<b>(347,108)</b>	<b>(391,223)</b>
Adjustment for amounts earmarked for specific purposes (Earmarked Reserves - Note 10)	14,309	5,311						
<b>Remaining Unallocated Balance</b>	<b>(2,139)</b>	<b>(2,522)</b>						

## Movement in Reserves Statement 2022/23

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

## Balance Sheet

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

£000		2023/24	2022/23
	<i>Notes</i>		
Property, Plant & Equipment	14	356,964	295,275
Heritage Assets		1,165	1,165
Investment Property	15	29,496	33,032
Intangible Assets		942	1,105
Assets Under Construction	14	31,772	12,718
Pensions Asset	38	33,360	21,960
Long Term Investments	16	1,837	1,908
Long Term Debtors	16	5,805	4,824
<b>Non-Current Assets</b>		<b>461,340</b>	<b>371,986</b>
Short Term Investments	16	19,073	20,226
Inventories		110	143
Short Term Debtors	19	12,498	11,787
Cash & Cash Equivalents	18	5,038	4,295
<b>Current Assets</b>		<b>36,718</b>	<b>36,452</b>
Short Term Borrowing	16	(10,371)	(7,898)
Short Term Creditors	20	(19,728)	(20,481)
Provisions	21	(1,178)	(1,632)
<b>Current Liabilities</b>		<b>(31,276)</b>	<b>(30,010)</b>
Long Term Creditors		0	0
Long Term Borrowing	16	(62,699)	(56,705)
Capital Grants Receipts in Advance	29	(12,859)	(8,834)
<b>Long Term Liabilities</b>		<b>(75,558)</b>	<b>(65,539)</b>
<b>NET ASSETS</b>		<b>391,223</b>	<b>312,889</b>
Usable Reserves	23	(44,115)	(44,562)
Unusable Reserves	24	(347,108)	(268,327)
<b>TOTAL RESERVES</b>		<b>(391,223)</b>	<b>(312,889)</b>

## 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.

£'000		2023/24	2022/23
	<i>Notes</i>		
<b>Net (Surplus) or Deficit on Provision of Services</b>		<b>2,920</b>	<b>(3,969)</b>
Depreciation and Amortisation	14	(12,055)	(11,745)
Revaluation and Impairment	14/15	(14,195)	(11,571)
Movement in Pension	38	1,448	3,922
Profit / (Loss) on Non-current Assets sold	14	(1,561)	(2,731)
Movement in Provisions	21	454	393
Other non-cash movements		(58)	(355)
Capital Grants that relate to Financing		14,308	15,982
Movement in Creditors	20	613	12,258
Movement in Debtors	21	2,096	1,267
Movement in Provision for Bad Debt	21	(371)	(855)
Movement in Inventory		(34)	45
<b>Net Cash generated from Operations</b>		<b>(6,437)</b>	<b>2,641</b>
Investing activities:			
Purchase of Non-Current Assets	36	34,830	33,112
Purchase of Short and Long-term Investments		24,000	17,000
Proceeds from sale of Non-Current Assets		(1,276)	(2,250)
Proceeds from sale of Investments		(25,154)	(25,184)
Capital Grants received		(18,313)	(28,010)
<b>Net Cash from Investing activities</b>		<b>14,087</b>	<b>(5,332)</b>
Financing activities:			
Repayment of Borrowing	16	7,500	8,500
New Borrowing	16	(16,000)	0
Other Financing activities		108	(232)
<b>Net Cash from Financing activities</b>		<b>(8,392)</b>	<b>8,268</b>
Net (increase)/decrease in Cash and Cash Equivalents		(742)	5,578
Cash and Cash Equivalents at the start of the period		4,295	9,874
<b>Cash and Cash Equivalents at the end of the period</b>		<b>5,038</b>	<b>4,295</b>

# Notes To The Accounts

## 1. ACCOUNTING POLICIES

### **GENERAL PRINCIPLES**

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year-end of 31<sup>st</sup> March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, and 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 2023/24, supported by International Financial Reporting Standards (IFRS).

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

### **ACCRUALS OF INCOME AND EXPENDITURE**

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

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



## **CASH AND CASH EQUIVALENTS**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

## **EXCEPTIONAL ITEMS**

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

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

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

Changes in accounting policies are only made when required by proper accounting practices or when the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

## **CHARGES TO REVENUE FOR NON-CURRENT ASSETS**

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

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

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

## **EMPLOYEE BENEFITS**

### **Benefits Payable During Employment**

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

### **Termination Benefits**

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

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

### **Post-Employment Benefits – The Local Government Pension Scheme**

Warwickshire County Council, the Administering Authority to the Warwickshire County Council Pension Fund instructed Hyman Robertson LLP, an independent firm of actuaries, to undertake pension expense calculations on behalf of Nuneaton & Bedworth Borough Council as at 31<sup>st</sup> March 2024.

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

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

- Quoted securities – current bid price
  - Unquoted securities – professional estimate
  - Unitised securities – current bid price
  - Property managed funds – current bid price
- The change in the net pensions liability is analysed into the following components:
    - Service cost comprising:
      - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
      - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
      - Net interest on the net defined benefit liability, i.e. net interest expense for the Council – the change during the period in the net defined liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
    - Remeasurements comprising:
      - The return on plan assets – excluding amounts included in the net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
      - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
      - Contributions paid to the Warwickshire Pension Fund – cash paid as employer’s contributions to the Pension Fund in settlement of liabilities; not accounted for as an expense.
  - In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

- Further details of the estimation techniques and values attributed to the Pensions Liability can be found in note 38.

### **Discretionary Benefits**

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

### **EVENTS AFTER THE BALANCE SHEET DATE**

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

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

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

### **FAIR VALUE MEASUREMENT**

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as property fund investments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic interest.

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

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

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy as follows:

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

## **FINANCIAL INSTRUMENTS**

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

### **Financial Liabilities**

Financial liabilities are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

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

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid (up to a maximum of 10 years for the Housing Revenue Account). The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund or Housing Revenue Account is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

## **Financial Assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

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

### **Financial Assets Measured at Amortised Cost**

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

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

### **Expected Credit Loss Model**

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

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

### **Financial Assets Measured at Fair Value through Profit or Loss**

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

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

## **GOVERNMENT GRANTS AND CONTRIBUTIONS**

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

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

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

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

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

## **Council Tax and Non-Domestic Rates**

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

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

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

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

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

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

## **INVESTMENT PROPERTY**

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

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

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



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

## **LEASES**

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

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

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

### **The Council as Lessee**

#### ***Operating Leases***

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

### **The Council as Lessor**

#### ***Operating Leases***

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

## **OVERHEADS AND SUPPORT SERVICES**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2023/24 (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 1<sup>st</sup> April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

### **Impairment**

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

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

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

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

### **Depreciation**

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

Depreciation is calculated on the following bases:

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

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been

chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

### **Component Accounting**

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

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

### **Disposals and Non-Current Assets Held for Sale**

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

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

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

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

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

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

## **PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

### **Provisions**

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

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

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

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

### **Contingent Liabilities**

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

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

### **Contingent Assets**

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

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

## **RESERVES**

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

Comprehensive Income and Expenditure Statement. The reserve is then reduced accordingly so that there is no net charge against Council Tax or housing rent for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies. Details can be found in note 24.

## **REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE**

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

## **VAT**

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

## **2. ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED**

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

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

- a) IFRS 16 Leases - CIPFA/LASAAC has deferred the implementation of IFRS 16 Leases in the public sector until the 2024/25 financial year, with an effective date of 1 April 2024. This will require lessees to recognise assets subject to leases as right-of-use assets on their balance sheet, along with corresponding lease liabilities.

The impact to the Council's net asset position in the Balance Sheet is expected to be nil as an increase in lease assets will be offset by an increase in the payment liability.

- b) Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020. The amendments specify that an entity's right to defer settlement must exist at the end of the reporting period, to clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, to clarify how lending conditions affect classification, and to clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.
- c) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022. The amendments to IFRS 16 add additional measurement requirements for sale and leaseback transactions.

- d) Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022. The amendments improved the information an entity provides when its right to defer the settlement of a liability for at least 12 months is subject to compliance with covenants.
- e) Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The IASB developed the new requirements to provide users of financial statements with information to enable them to assess how supplier finance arrangements affect an entity's liabilities and cash flows, and understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

The amendments noted from b) to e) are not considered to have a material impact on the Council's accounts.

### **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:

#### **Going Concern**

Local authorities are required by the Code of Practice on Local Authority Accounting to prepare their accounts on a going concern basis, which is services the Council will continue to operate for the foreseeable future, as a local authority can only be discontinued as a result of statutory prescription.

The Council faces significant cost pressures due to high inflation on salaries, utilities and materials, high borrowing rates plus an increased demand for its services. In addition, the continued uncertainty regarding future levels of funding increases the difficulty in ensuring a robust medium-term financial position.

Controls are in place to help mitigate and manage inherent risks including a robust approach to financial planning and budget setting, quarterly financial performance reporting to elected members and senior officers and an internal audit function that assess controls and processes.

A prudent level of reserves is in place and sound management of these reserves will aid in supporting the Council to achieve savings and efficiencies into the future.

Based on the controls on place and the reserves set aside, the Council considers that it can continue to meet its liabilities as they fall due, supporting the preparation of the Statement of Accounts on a going concern basis.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates take into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's Balance Sheet at 31<sup>st</sup> March 2024

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
Valuation of Property, Plant & Equipment and Investment Property	Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate the value of its non-current assets.	<p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the CIES.</p> <p>An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous downward revaluations to the CIES and / or gains being recorded as appropriate in the CIES.</p> <p>Depreciation charges for operational buildings will change in direct relation to changes in estimated current value.</p>
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Consulting actuaries are engaged to provide the Council with expert advice about the assumptions to be applied.	In year, the discount rate used increased by 0.05% resulting in a reduction in the Council's obligations and a gain of £1.495m on the Balance Sheet. Very small percentage movements have significant impacts on the valuation of the liability. The assumptions used can be found in note 38.

## 5. MATERIAL ITEMS OF INCOME AND EXPENSE

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

There are considered to be no material items to be disclosed.

## 6. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was originally authorised for issue by the Strategic Director – Finance and Governance on 31<sup>st</sup> October 2024. Events taking place after this date are not reflected in the financial statements or notes.

There are no known events after 31<sup>st</sup> March 2024 and before the authorised issue date.



## 7. EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis takes the net expenditure that is chargeable to taxation and rents and reconciles it to the CIES. The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rent payers how the funding available to the Council (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by councils in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CIES.

£'000	2023/24			2022/23		
	Net Expenditure Chargeable to the General Fund & HRA (Note 7a)	Adjustments between the Funding & Accounting Basis (Note 7b)	Net Expenditure in the CIES	Net Expenditure Chargeable to the General Fund & HRA (Note 7a)	Adjustments between the Funding & Accounting Basis (Note 7b)	Net Expenditure in the CIES
Business & Regeneration	1,206	1,347	2,552	1,132	432	1,564
Finance & Corporate	4,457	(1,867)	2,590	5,086	1,985	7,071
Health & Environment	3,035	118	3,152	2,877	147	3,025
Housing & Communities	1,075	4,837	5,912	1,429	6,018	7,447
Housing Revenue Account	(1,968)	9,282	7,314	(156)	12,965	12,808
Planning & Regulation	1,007	(12)	995	658	(10)	648
Public Services	6,911	5,232	12,143	6,245	1,824	8,069
<b>Net Cost of Services</b>	<b>15,722</b>	<b>18,937</b>	<b>34,659</b>	<b>17,271</b>	<b>23,362</b>	<b>40,633</b>
Other Income & Expenditure	(17,669)	(14,070)	(31,739)	(12,636)	(31,966)	(44,602)
<b>Surplus or Deficit</b>	<b>(1,946)</b>	<b>4,867</b>	<b>2,920</b>	<b>4,635</b>	<b>(8,604)</b>	<b>(3,969)</b>
<b>Opening General Fund &amp; HRA Balances</b>	(22,335)			(26,970)		
<b>Less/ Plus Surplus or (Deficit) on General Fund and HRA Balance in Year</b>	(1,946)			4,635		
<b>Closing General Fund &amp; HRA Balance in Year</b>	<b>(24,281)</b>			<b>(22,335)</b>		

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

2023/24						
£'000	Amounts as Reported for Resources Management	Removal of Depreciation reported at Portfolio Level	Removal of Earmarked Reserve Movements as not chargeable to Balances	Other Amounts Transferred between Net Cost of Services and Other Income & Expenditure per CIPFA Code	Net Expenditure Chargeable to the General Fund & HRA per the EFA	
Business & Regeneration	1,597	(370)	-	(22)	1,206	
Finance & Corporate	4,262	(251)	-	446	4,457	
Health & Environment	3,128	(93)	-	-	3,035	
Housing & Communities	1,265	(190)	-	-	1,075	
Housing Revenue Account	(41)	-	-	(1,928)	(1,968)	
Planning & Regulation	33	-	-	974	1,007	
Public Services	8,225	(1,314)	-	-	6,911	
<b>Net Cost of Services</b>	<b>18,469</b>	<b>(2,218)</b>	<b>-</b>	<b>(529)</b>	<b>15,721</b>	
Other Income & Expenditure	(18,854)	2,218	(1,562)	529	(17,669)	
<b>(Surplus) or Deficit</b>	<b>(385)</b>	<b>-</b>	<b>(1,562)</b>	<b>-</b>	<b>(1,947)</b>	

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

## 7b – Adjustments between accounting and funding basis

<u>2023/24</u>		Net Changes		Adjustments
<i>£'000</i>	Adjustments for Capital Purposes	for the Pension Adjustment	Other Adjustments	Between Funding & Accounting Basis
Business & Regeneration	1,366	(6)	(14)	1,347
Finance & Corporate	(1,618)	(234)	(15)	(1,867)
Health & Environment	122	(5)	0	118
Housing & Communities	4,858	(3)	(18)	4,837
Housing Revenue Account	9,426	(83)	(61)	9,282
Planning & Regulation	-	(5)	(6)	(12)
Public Services	5,331	(59)	(39)	5,232
<b>Net Cost of Services</b>	<b>19,485</b>	<b>(395)</b>	<b>(153)</b>	<b>18,937</b>
Other Income & Expenditure	(11,330)	(1,053)	(1,687)	(14,070)
<b>Total Adjustment</b>	<b>8,155</b>	<b>(1,448)</b>	<b>(1,840)</b>	<b>4,867</b>

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

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

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

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

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

## 7c – Segmental Income

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

<i>£'000</i>	<b>2023/24</b>	<b>2022/23</b>
<b>Income from Services:</b>		
Business & Regeneration	(1,883)	(1,743)
Finance & Corporate	(1,939)	(438)
Health & Environment	(403)	(481)
Housing & Communities	(2,223)	(1,775)
Housing Revenue Account	(29,489)	(27,070)
Planning & Regulation	(1,077)	(1,207)
Public Services	(2,557)	(3,067)
<b>Total</b>	<b>(39,570)</b>	<b>(35,782)</b>

## 8. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

<i>£'000</i>	<b>2023/24</b>	<b>2022/23</b>
Employee benefit expenses	25,251	23,804
Housing Benefit payments	25,221	24,922
Other service expenses	27,954	29,575
Depreciation, amortisation, impairment & revaluations	26,250	23,316
Interest payments	891	3,447
Precepts and levies	12,487	9,409
Loss on Disposal of Assets	1,561	743
<b>Total Expenditure</b>	<b>119,617</b>	<b>115,217</b>
Fees, charges and other service income	(41,042)	(38,327)
Interest and investment income	(1,813)	(1,081)
Income from Council Tax and Non Domestic Rates	(30,073)	(24,814)
Government Grants (Housing Benefit)	(23,731)	(23,310)
Other grants and contributions	(20,038)	(31,653)
<b>Total Income</b>	<b>(116,697)</b>	<b>(119,186)</b>
<b>(Surplus)/ Deficit on the Provision of Services</b>	<b>2,920</b>	<b>(3,969)</b>

## 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.

2023/24	Usable Reserves					
£000s	General Fund	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total
Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions costs (transferred to/from Pensions Reserve)	1,143	305	-	-	-	1,448
Financial instruments (transferred to/from Financial Instruments Adjustments Account)	21	-	-	-	-	21
Council Tax and NDR (transferred to/from Collection Fund Adjustment Account)	1,120	-	-	-	-	1,120
Holiday Pay (transferred to/from Accumulated Absences Reserve)	62	53	-	-	-	115
Reversal of entries included in Surplus/Deficit on the Provision of Services relating to capital expenditure (these items are charged to the Capital Adjustment Account)	(7,553)	(19,958)	-	-	-	(27,511)
Reversal of entries included in Surplus/Deficit on the Provision of Services relating to the movement in fair value in investments classified as Fair Value through Profit & Loss	(71)	-	-	-	-	(71)
<b>Total Adjustments to Revenue Resources</b>	<b>(5,278)</b>	<b>(19,600)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(24,878)</b>
Transfer of non-current asset sale proceeds to the Capital Receipts Reserve	203	1,073	(1,276)	-	-	-
Transfer of capital grants to the Capital Grants Unapplied Reserve	6,370	-	-	-	(6,370)	-
Posting of HRA resources to the Major Repairs Reserve	-	9,836	-	(9,836)	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	654	-	-	-	-	654
Capital expenditure financed from revenue (transfer to the Capital Adjustment Account)	750	1,127	-	-	-	1,877
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>7,976</b>	<b>12,036</b>	<b>(1,276)</b>	<b>(9,836)</b>	<b>(6,370)</b>	<b>2,531</b>
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	358	-	-	358
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	10,070	-	10,070
Application of capital grants to finance capital expenditure	-	-	-	-	9,447	9,447
<b>Total Adjustments to Capital Resources</b>	<b>-</b>	<b>-</b>	<b>358</b>	<b>10,070</b>	<b>9,447</b>	<b>19,874</b>
<b>TOTAL ADJUSTMENTS</b>	<b>2,698</b>	<b>(7,564)</b>	<b>(918)</b>	<b>234</b>	<b>3,077</b>	<b>(2,473)</b>

2022/23

£000s

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

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

### **General Fund Balance**

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

### **Housing Revenue Account Balance**

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

### **Major Repairs Reserve**

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

### **Capital Receipts Reserve**

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

### **Capital Grants Unapplied**

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



## 10. EARMARKED RESERVES

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

<i>£'000</i>	2023/24	2022/23
<b>General Fund Earmarked Reserves</b>		
Risk Based Reserves	5,746	5,746
General Revenue Reserves	4,448	3,228
Capital Earmarked Reserves	2,418	2,613
Financial Planning Reserve	1,310	810
Collection Fund Timing	387	387
<b>Total General Fund</b>	<b>14,309</b>	<b>12,783</b>
<b>Housing Revenue Account Earmarked Reserves</b>		
Risk Based Reserves	350	350
General Revenue Reserves	1,187	1,187
Capital Earmarked Reserves	3,773	3,773
<b>Total Housing Revenue Account</b>	<b>5,311</b>	<b>5,311</b>

## 11. OTHER OPERATING EXPENDITURE

<i>£'000</i>	2023/24	2022/23
Payments to the Government Housing Capital Receipts Pool	-	-
(Gains)/ losses on the disposal of non-current assets	1,561	743
<b>Total</b>	<b>1,561</b>	<b>743</b>

## 12. FINANCING AND INVESTING INCOME AND EXPENDITURE

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

<i>£'000</i>	2023/24	2022/23
Interest payable & similar charges	1,944	2,343
Net interest on the net defined benefit pension liability	(1,053)	1,104
Interest receivable and similar income	(1,813)	(1,081)
Income & expenditure in relation to investment properties and changes in their fair value	1,193	(4,225)
<b>Total</b>	<b>272</b>	<b>(1,859)</b>

### 13. TAXATION AND NON-SPECIFIC GRANT INCOME

£000	2023/24	2022/23
Council Tax income	(10,190)	(9,625)
Non Domestic Rates:		
Billing authority share of income	(16,189)	(12,654)
Tariff payment	11,046	9,415
Levy and Pooling	1,288	334
Section 31 Grants from Central Government	(3,539)	(2,873)
<b>Non-ringfenced government grants:</b>		
New Homes Bonus	(1,361)	(645)
Disabled Facilities Grant	(1,796)	(1,609)
Other	(337)	(423)
<b>Ringfenced government grants:</b>		
Towns Fund	(5,725)	(6,367)
Green Homes	(813)	(882)
Levelling Up Fund	-	(3,842)
Homes England	(1,146)	-
Other Local Authorities	(791)	(3,875)
Local Authority Contributions for HEART	(3,149)	(3,205)
Future High Street Fund	-	(6,724)
Other Capital grants & contributions	(868)	(561)
<b>Total</b>	<b>(33,572)</b>	<b>(43,538)</b>

## 14. PROPERTY, PLANT AND EQUIPMENT

£000	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
<b>Cost or Valuation</b>								
At 1 April 2023	248,028	48,466	12,974	2,243	114	-	12,718	324,543
Additions	11,538	505	1,810	70	-	-	20,404	34,327
Accumulated Depreciation and Impairment to Gross Carrying Amount	(9,304)	(1,785)	-	-	-	(775)	-	(11,864)
Revaluation increases / (decreases) recognised in the Revaluation Reserve	44,930	29,167	-	-	81	(2,724)	-	71,454
Revaluation increases / (decreases) recognised in the Surplus/Deficit on Provision of Services	(10,559)	3,115	-	-	-	(2,699)	-	(10,143)
Derecognition - disposals	(714)	(2,549)	(715)	-	-	-	-	(3,978)
Assets reclassified (to) / from Investment Properties	-	(1,950)	-	-	-	1,500	-	(450)
Other movements in Cost or Valuation	-	(5,003)	-	-	-	6,353	(1,350)	-
<b>As at March 2024</b>	<b>283,920</b>	<b>69,965</b>	<b>14,070</b>	<b>2,313</b>	<b>195</b>	<b>1,655</b>	<b>31,772</b>	<b>403,889</b>
<b>Accumulated Depreciation &amp; Impairment</b>								
At 1 April 2023	-	(4,522)	(10,793)	(1,180)	(56)	-	-	(16,551)
Depreciation charge	(9,314)	(1,477)	(762)	(55)	-	(1)	-	(11,609)
Accumulated Depreciation written off to Gross Carrying Amount	9,304	1,526	-	-	-	773	-	11,603
Impairment written off to Gross Carrying Amount	-	259	-	-	-	2	-	261
Impairment losses recognised in the Revaluation Reserve	-	(152)	-	-	-	-	-	(152)
Impairment losses recognised in Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Derecognition - disposals	10	428	702	-	-	-	-	1,141
Assets reclassified (to) / from Investment Properties	-	154	-	-	-	-	-	154
Other movements in Depreciation and Impairment	-	775	-	-	-	(775)	-	-
<b>At 31 March 2024</b>	<b>(0)</b>	<b>(3,008)</b>	<b>(10,853)</b>	<b>(1,235)</b>	<b>(56)</b>	<b>-</b>	<b>-</b>	<b>(15,153)</b>
<b>Net Book Value</b>								
at 31 March 2023	248,028	43,944	2,181	1,063	57	0	12,718	307,992
<b>at 31 March 2024</b>	<b>283,920</b>	<b>66,957</b>	<b>3,217</b>	<b>1,077</b>	<b>139</b>	<b>1,655</b>	<b>31,772</b>	<b>388,736</b>

## Comparative Movements in 2022/23:

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

## Depreciation

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

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

## Revaluations

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

All of the council housing stock has been revalued as at 31<sup>st</sup> March 2024 by an external valuer (Bruton Knowles).

Various other assets within Land and Buildings have been revalued by Bruton Knowles, an external 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 31<sup>st</sup> March 2024.

The significant assumptions applied in estimating the fair values are:

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

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

<i>£000</i>	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Total
Carried at historical cost	0	1,143	14,070	<b>15,212</b>
Current value for Dwellings and OLB:				
2023/24	283,920	53,351	0	<b>337,271</b>
2022/23	0	1,140	0	<b>1,140</b>
2021/22	0	0	0	<b>0</b>
2020/21	0	14,331	0	<b>14,331</b>
2019/20	0	0	0	<b>0</b>
<b>Total Cost or Valuation</b>	<b>283,920</b>	<b>69,965</b>	<b>14,070</b>	<b>367,955</b>

## 15. INVESTMENT PROPERTIES

### Fair Value Hierarchy

Details of the Council's investment properties and information about the fair value hierarchy as at 31<sup>st</sup> March 2024 are as follows:

<i>£000</i>	Other significant observable inputs (Level 2)	
	2023/24	2022/23
<b>Fair value of Investment Properties:</b>		
Office accommodation	1,238	1,332
Retail units	15,510	16,537
Industrial	3,014	3,004
Residential	440	723
Utilised by NABCEL	7,667	7,842
Other	1,628	1,572
<b>Balance at 31 March</b>	<b>29,496</b>	<b>31,010</b>

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

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

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

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

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

### Amounts reflected in the CIES

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

£000	2023/24	2022/23
Rental income from investment property	(1,429)	(1,550)
Other income	(118)	(62)
Operating expenses arising from investment property	2,740	463
<b>Net (gain) / loss</b>	<b>1,193</b>	<b>(1,149)</b>

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

### Movement in the Fair Value of Investment Property

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

£000	2023/24	2022/23
Balance at 1 April	33,031	28,506
Additions:		
Purchases	0	1,699
Subsequent expenditure	222	0
Disposals	(0)	(276)
Net gains / (losses) from fair value adjustment reflected in Comprehensive Income & Expenditure	(4,053)	3,063
Transfers:		
(to) / from Property, Plant & Equipment	296	39
<b>Balance at 31 March</b>	<b>29,496</b>	<b>33,031</b>

## 16. FINANCIAL INSTRUMENTS

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

### Financial Assets & Liabilities

£000	Non-Current		Current	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
<b>Investments</b>				
Amortised Cost	77	77	13,101	12,259
Fair Value through Profit and Loss	0	0	0	0
<b>Total Investments</b>	<b>77</b>	<b>77</b>	<b>13,101</b>	<b>12,259</b>
<b>Debtors</b>				
Loans and receivables at amortised cost	5,805	4,824	11,939	10,134
Debtors that are not financial instruments	0	0	559	1,653
<b>Total Debtors</b>	<b>5,805</b>	<b>4,824</b>	<b>12,498</b>	<b>11,787</b>
Cash & Cash Equivalents (CCE)	0	0	10,954	12,251
<b>Total Financial Assets</b>	<b>11,686</b>	<b>9,725</b>	<b>49,051</b>	<b>48,084</b>
<b>Borrowings</b>				
Loans at amortised cost	(62,699)	(56,705)	(10,371)	(7,951)
<b>Creditors</b>				
Creditors carried at contract amounts	0	0	(14,113)	(15,716)
Creditors that are not financial instruments	0	0	(5,615)	(4,765)
<b>Total Creditors</b>	<b>0</b>	<b>0</b>	<b>(19,728)</b>	<b>(20,481)</b>
<b>Total Financial Liabilities</b>	<b>(62,699)</b>	<b>(56,705)</b>	<b>(30,099)</b>	<b>(28,432)</b>

### Gains and Losses

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

£000	(Surplus) or Deficit on the Provision of Services 2023/24	(Surplus) or Deficit on the Provision of Services 2022/23
Net (Gains)/Losses on:		
Financial assets measured as fair value through profit of loss	71	(193)
<b>Total Net (Gains)/Losses</b>	<b>71</b>	<b>(193)</b>
Interest Revenue:		
Financial assets measured at amortised cost	(1,884)	958
Other financial assets measured at fair value	71	204
Dividend income	(376)	(94)
<b>Total Interest Revenue</b>	<b>(2,188)</b>	<b>1,069</b>
<b>Interest Expense</b>	<b>1,944</b>	<b>2,214</b>

### Fair Value of Financial Assets

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



<i>£000</i>	As at 31 March 24	As at 31 March 23
<b>Available for Sale:</b>		
Property Fund		
Level 1 - Unadjusted quoted prices in active markets for identical shares	1,760	1,832
	<b>1,760</b>	<b>1,832</b>

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

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

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

<i>£'000</i>	31 March 24		31 March 23	
	Carrying amount	Fair Value	Carrying amount	Fair Value
PWLB debt	(70,705)	(68,554)	(62,602)	(60,624)
Non-PWLB debt	(2,000)	(1,701)	(2,000)	(1,902)
Short-term creditors	(14,113)	(14,113)	(21,848)	(21,848)
<b>Total Financial Instrument Liabilities</b>	<b>(86,819)</b>	<b>(84,368)</b>	<b>(86,450)</b>	<b>(84,374)</b>

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes several fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at balance sheet date. This shows a notional future loss (based upon economic conditions at 31<sup>st</sup> March 2024) arising from a commitment to pay interest to lenders above current market rates. An alternative method of calculating fair value is to apply early repayment rates instead of new borrowing rates from the PWLB. If this method of calculating fair value had been applied, then the fair value of the liabilities would increase from £84.368m (as quoted above) to £85.207m.

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

£000	31 March 24		31 March 23	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Cash & cash equivalents	5,038	5,038	7,762	7,762
Short-term investments	19,073	19,073	26,260	26,260
Short-term debtors	11,939	11,939	11,600	11,600
Long-term debtors	5,805	5,805	2,806	2,806
<b>Total assets</b>	<b>41,854</b>	<b>41,853</b>	<b>48,428</b>	<b>48,428</b>

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

## 17. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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

### Overall Procedures for Managing Risk

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

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
  - The Council's overall borrowing;
  - Its maximum and minimum exposures to fixed and variable rates;
  - Its maximum and minimum exposures to the maturity structure of its debt;

- Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

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

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

- The Authorised Limit for 2023/24 was £192.76m. This is the maximum limit of external borrowings or other long-term liabilities;
- The Operational Boundary was set at £172.76m. The Operational Boundary is the expected level of debt and other long-term liabilities during the year,
- The maximum amounts invested at any one time in any institution or financial group was set at £10m for part nationalised banks and higher rated banks or building societies with a lower £8m limit set for other institutions, subject to meeting creditworthiness criteria;
- The maximum exposures to the maturity structure of debt were set and are detailed within this note.

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

## **Credit Risk**

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

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

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

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

The Council's maximum exposure to credit risk in relation to its investments and cash held in banks, building societies and managed funds of £36.0m 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 31<sup>st</sup> March 2024 that this was likely to crystallise.

## Amounts Arising from Expected Credit Losses

### Credit Risk Exposure

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

A summary of the credit quality of the Council's investments as at 31<sup>st</sup> March 2024 is shown below, along with the potential maximum exposure to credit risk, based on experience of default and collectability:

	Amount at 31 March 23 £000 A	Historical experience of default % B	Historical experience adjusted for market conditions at 31 March 23 % C	Estimated maximum exposure to default and uncollectability at 31 March 23 £000 (A x C)	Estimated maximum exposure at 31 March 22 £000
Investments:					
A Rated	26,000	0.05%	0.05%	13	10
Property Fund	2,000			-	-
Cash & Cash Equivalents:					
AAA Rated	8,000	0.04%	0.04%	3	1
A Rated	3,000	0.05%	0.05%	2	2
Customers	12,498	10.43%	10.43%	1,304	481
				<b>1,321</b>	<b>494</b>

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

The Council does not generally allow credit for its customers, such that £2.91m of the £12.5m balance is past the due date for repayment. The past due amount can be analysed by age as follows:

<i>£'000</i>	<b>2023/24</b>	<b>2022/23</b>
Less than three months	1,386	572
Three to six months	334	1,373
Six months to one year	402	216
More than one year	791	2,449
	<b>2,913</b>	<b>4,610</b>

## **Liquidity Risk**

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

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

## **Refinancing and Maturity Risk**

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

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

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

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

	31 March 24		31 March 23	
	Average Rate	Amount	Average Rate	Amount
	%	£000	%	£000
PWLB	3.50%	70,705	3.20%	62,205
Other Lenders	4.10%	2,000	4.10%	2,000
	<b>3.52%</b>	<b>72,705</b>	<b>3.22%</b>	<b>64,205</b>
Less than one year	2.76%	10,000	2.63%	7,500
Maturing in 1-2 years	3.24%	12,000	2.76%	10,000
Maturing in 2-5 years	3.22%	26,705	3.24%	34,750
Maturing in 5-10 years	4.29%	16,000	3.13%	3,955
Maturing in 10-15 years	4.46%	4,000	4.46%	4,000
Maturing in over 15 years	4.24%	4,000	4.24%	4,000
	<b>3.52%</b>	<b>72,705</b>	<b>3.22%</b>	<b>64,205</b>

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

	31 March 24		31 March 23	
	Maximum Exposure Allowable	Maximum Exposure at year end	Maximum Exposure Allowable	Maximum Exposure at year end
less than one year	30%	14%	30%	10%
Maturing in under 2 years	35%	30%	35%	24%
Maturing in under 5 years	50%	67%	50%	72%
Maturing in under 10 years	75%	89%	75%	79%
All Loans	100%	100%	100%	100%

## Market Risk

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

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

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest

payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance, subject to influences from Government grants (i.e. HRA).

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

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

	£000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	(192)
Net Impact on Surplus or Deficit on the Provision of Services	<b>(192)</b>
Decrease in fair value of fixed rate borrowings	4,493

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

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

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

## 18. CASH AND CASH EQUIVALENTS

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

£000	2023/24	2022/23
Bank current accounts	7	(739)
Short-term deposits	5,030	5,034
<b>Total Cash and Cash Equivalents</b>	<b>5,038</b>	<b>4,295</b>

## 19. DEBTORS

£000	2023/24	2022/23
<b>Amounts due within one year (net of impairment):</b>		
Central Government bodies:		
Ministry for Housing, Communities & Local Government	40	40
Department for Works & Pensions	692	1,184
HM Revenue & Customs	1,657	886
Other Government Departments	310	506
Other Local Authorities	5,554	3,047
Housing Tenants	1,262	767
Council Tax Arrears	394	357
Non-Domestic Rates Arrears	337	316
Other	2,806	3,675
Payments in Advance	(555)	1,008
<b>Total</b>	<b>12,498</b>	<b>11,787</b>

Debtor balances are shown net of any allowance held for bad or doubtful debts. For 2023/24 the total impairment allowance across all debt types was £5.96m (£5.61m for 2022/23).

### Local Taxation

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

£000	2023/24	2022/23
<b>Council Tax:</b>		
Less than 1 year	366	346
1 - 2 years	188	167
2 - 5 years	295	267
more than 5 years	214	181
	<b>1,063</b>	<b>961</b>
<b>Non-Domestic Rates:</b>		
Less than 1 year	268	139
1 - 2 years	119	85
2 - 5 years	206	168
more than 5 years	248	165
	<b>841</b>	<b>557</b>



## 20. CREDITORS

£'000	2023/24	2022/23
Department for Levelling Up, Housing and Communities	(394)	(3,134)
HM Revenue and Customs	(426)	(431)
Other Government Departments	(2,637)	(896)
Other Local Authorities	(131)	(1,840)
Other entities and individuals	(16,140)	(14,180)
<b>Total</b>	<b>(19,728)</b>	<b>(20,481)</b>

## 21. PROVISIONS

£000	Business Rate Appeals	Total
<b>Balance at 1 April 23</b>	<b>(1,632)</b>	<b>(1,632)</b>
Provisions made in year	153	153
Amounts used in year	301	301
<b>Balance at end of 31 March 24</b>	<b>(1,178)</b>	<b>(1,178)</b>

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

## 22. CONTINGENT ASSETS AND LIABILITIES

A contingent liability is a possible obligation arising depending on whether an uncertain future event occurs or is a present obligation but payment is not probable or cannot be reliably measured.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council.

The Council has no contingent assets or liabilities at 31<sup>st</sup> March 2024.

## 23. USABLE RESERVES

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

## 24. UNUSABLE RESERVES

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

£'000	2023/24	2022/23
Revaluation Reserve	(213,312)	(147,920)
Financial Instruments Revaluation Reserve	240	168
Capital Adjustment Account	(98,092)	(97,286)
Financial Instruments Adjustment Account	76	97
Pensions Reserve	(33,360)	(21,960)
Deferred Capital Receipts Reserve	(413)	(413)
Collection Fund Adjustment Account	(2,350)	(1,230)
Accumulated Absences Account	103	218
<b>Total Unusable Reserves</b>	<b>(347,108)</b>	<b>(268,327)</b>

### Revaluation Reserve

The reserve contains mainly the gains and losses arising on the periodic revaluation of current assets.

£000	2023/24	2022/23
Balance at 1 April	(147,920)	(135,417)
Revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(71,302)	(18,467)
<b>Surplus or deficit on the revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services</b>	<b>(71,302)</b>	<b>(18,467)</b>
Difference between fair value depreciation and historical cost depreciation	5,509	4,987
Accumulated gains on assets sold or scrapped	402	977
<b>Amount written off to the Capital Adjustment Account</b>	<b>5,911</b>	<b>5,964</b>
<b>Balance at 31 March</b>	<b>(213,311)</b>	<b>(147,920)</b>

### Capital Adjustment Account

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

£000	2023/24	2022/23
Balance at 1 April	(97,286)	(95,449)
<b>Reversals of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>		
Charges for depreciation and impairment of non-current assets	12,011	11,537
Revaluation losses on Property, Plant and Equipment	10,143	14,525
Amortisation of intangible assets	446	417
Revenue expenditure funded from capital under statute	6,361	5,937
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,435	3,008
	<b>31,396</b>	<b>35,424</b>
Adjusting amounts written out of the Revaluation Reserve	(5,911)	(5,964)
Net written out amount of the cost of non-current assets consumed in the year	<b>25,485</b>	<b>29,460</b>
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(358)	(1,303)
Use of the Major Repairs Reserve to finance new capital expenditure	(10,070)	(9,413)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(7,919)	(11,561)
Application of grants to capital financing from the Capital Grants Unapplied Account	(9,446)	(4,421)
Statutory provision to the financing of capital investment charged against the General Fund and HRA balances	(654)	(536)
Capital expenditure charged against the General Fund and HRA balances	(1,897)	(3,281)
	<b>(30,343)</b>	<b>(30,515)</b>
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	4,053	(3,063)
<b>Balance at 31 March</b>	<b>(98,092)</b>	<b>(97,286)</b>

## Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible.

£000	2023/24	2022/23
Balance at 1 April	(21,960)	33,270
Remeasurement of the net defined benefit pension liability	(9,952)	(59,152)
Reversal of items relating to retirement benefits debited or credited to the Surplus/Deficit on the Provision of Services	2,506	7,562
Employer's contributions and direct payments to pensioners payable in year	(3,954)	(3,640)
<b>Balance at 31 March</b>	<b>(33,360)</b>	<b>(21,960)</b>

## Collection Fund Adjustment Account

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

£'000	2023/24	2022/23
Balance at 1 April	(1,230)	1,393
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	(1,120)	(2,623)
<b>Balance at 31 March</b>	<b>(2,350)</b>	<b>(1,230)</b>

## Accumulated Absences Account

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

£'000	2023/24	2022/23
Balance at 1 April	218	198
Settlement or cancellation of accrual made at the end of the preceding year	(218)	(198)
Amounts accrued at the end of the current year	103	218
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	(115)	20
<b>Balance at 31 March</b>	<b>103</b>	<b>218</b>

## 25. MEMBERS' ALLOWANCES

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

£000	2023/24	2022/23
Basic Allowance	175	175
Special Responsibility	62	62
Other Allowances / Expenses	13	13
<b>Total</b>	<b>250</b>	<b>250</b>

The Mayor and Deputy Mayor also received total allowances of £6,000 per annum (£6,000 in 2022/23).

## 26. OFFICERS' REMUNERATION

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

Post title	Financial Year	Notes	Salaries, fees & Allowances	Expenses & Benefits in Kind	Pension Contribution	Redundancy	Total
(Previously Director - Finance and Enterprise) Strategic Director - Finance & Governance	2022/23 2023/24	1	74,136 94,101	-	14,901 19,324		89,039 113,424
Chief Executive	2022/23 2023/24		99,904 119,715	34 41	20,081 24,609		120,019 144,365
(Previously Director - Regeneration & Housing) Strategic Director - Housing & Community Safety	2022/23 2023/24		77,484 88,692	-	15,574 18,189		93,058 106,881
(Previously Director - Customers & Corporate Services) Strategic Director - Economy & Transformation	2022/23 2023/24		90,187 101,049	66 38	18,128 20,757		108,382 121,844
Director - Planning & Regulation	2022/23 2023/24	2	80,232 22,378	-	16,132 4,328	31,731	96,364 58,437
(Previously Director - Public Services) Strategic Director - Public Services	2022/23 2023/24		77,484 88,481	81 -	15,574 18,189		93,140 106,671
<b>Total</b>	2022/23		499,428	181	100,391		600,000
<b>Total</b>	2023/24		514,415	79	105,397		651,622

Note 1: Postholder commenced in May 2022

Note 2: Postholder took redundancy in June 2023

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

Remuneration Band	2023/24	2022/23
	Total Number of Employees	Total Number of Employees
£50,000 - £54,999	5	9
£55,000 - £59,999	3	-
£60,000 - £64,999	3	-
£65,000 - £69,999	3	-
	<b>14</b>	<b>9</b>

## 27. TERMINATION BENEFITS

### Exit Packages

The table below details the number and cost of exit packages for 2023/24 and the comparative financial year:

	Number of Compulsory Redundancies		Number of Voluntary Redundancies		Total number of Exit Packages		Total Cost of Exit Packages	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
<b>Band Cost</b>								
Band £0 - £20k	1	10	1		2	10	£11,502	£41,466
Band £20K - £40K	0	0	1	1	1	1	£31,183	£23,963
Band £40K - £60K		0				0		£0
Band £60K - £80K		1				1		£72,643
Band £80K - £100K		0				0		£0
Band £100K - £150K		0				0		£0
Band £150K - £200K		0		1		1		£191,880
<b>Total</b>	<b>1</b>	<b>10</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>13</b>	<b>£42,685</b>	<b>£329,952</b>

## 28. EXTERNAL AUDIT COSTS

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

<i>£'000</i>	<b>2023/24</b>	<b>2022/23</b>
Fees Payable with regard to the external audit services carried out by the appointed auditor for the year	153	158
Fees Payable for the certification of grants and returns for the year	43	18
<b>Total</b>	<b>196</b>	<b>176</b>

External audit fees payable to Grant Thornton in 2023/24 include a credit amount of £19k relating to previous years' estimated audit work and a provision of £153k for the 2023/24 audit costs.

## 29. GRANT INCOME

The Council credited the following grants, contributions and donations to the CIES in 2023/24 and the prior financial year:

£000	2023/24	2022/23
Homes England	(1,146)	-
Other Local Authorities	(5,736)	(8,689)
Ministry for Housing, Communities & Local Government	(8,237)	(18,883)
Developers & other contributions	(868)	(561)
<b>Credited to Taxation and Non-Specific Grant Income</b>	<b>(15,986)</b>	<b>(28,133)</b>
Benefits Administration Grant	(349)	(509)
Homelessness Support	(811)	(678)
Housing Benefit Subsidy	(23,675)	(23,185)
Elections Funding	(37)	91
Discretionary Housing Payment Grant	(167)	(167)
NNDR Cost of Collection Allowance	(128)	(128)
COVID19 Government Grants (to cover payments to Businesses / Individuals)	-	(115)
UK Shared Prosperity Fund	(565)	(109)
Arts Council England	(655)	-
New Burdens	(55)	(8)
Other grants and contributions	(1,389)	(1,924)
<b>Credited to Services</b>	<b>(27,830)</b>	<b>(26,733)</b>

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

£000	2023/24	2022/23
Developers Contributions	(7,874)	(8,780)
Other Contributions	(78)	(42)
Other Local Authorities	(4,850)	(11)
Green Homes	(58)	-
<b>Total Capital Grants Received in Advance</b>	<b>(12,860)</b>	<b>(8,834)</b>



## 30. LEASES

### Council as Lessee

- **Finance Leases**

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

- **Operating Leases**

The Council has entered into several operating leases for the supply of the mayor's car, small office equipment items and land. The amount paid in 2023/24 was £37k (2022/23: £44k) and the Council is committed to further payments as detailed in the following table:

£000	2023/24	2022/23
Not later than one year	37	44
Later than one year not later than five years	147	148
Later than five years	2,141	2,178
<b>Total</b>	<b>2,325</b>	<b>2,370</b>

### Council as Lessor

- **Finance Leases**

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

- **Operating Leases**

The Council leases out property under operating leases ranging from properties let to charitable and community organisations, to town centre shops and industrial units. The gross value of assets where there are such leases was £26.24m at 31<sup>st</sup> March 2024 with no accumulated depreciation. The income from such operating lease rentals during 2023/24 was £1.65m (£1.70m in 2022/23).

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

£000	2023/24	2022/23
Not later than one year	795	26
Later than one year not later than five years	156	340
Later than five years	66,683	63,756
<b>Total</b>	<b>67,634</b>	<b>64,123</b>

## 31. RELATED PARTIES

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

## Central Government

Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, Housing Benefits). Grants received from Government departments are set out in notes 13 and 29.

## Warwickshire County Council and Warwickshire Police and Crime Commissioner

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

£41,800 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 2023/24 (2022/23: £47,000).

## 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 2023/24 which included the following contributions:

Community Group	2023/24		2022/23	
	£	Members	£	Members
Bulkington Village Centre	2,750	1	2,720	1
Hartshill & Nuneaton Recreation Ground	11,113	3	9,870	2
Nuneaton & Bedworth Sports Forum	0	1	3,330	1
Nuneaton & Bedworth Citizens' Advice Bureau	95,070	-	95,070	-
Stockingford Community Centre	0	-	5,140	-
Warwickshire Community & Voluntary Action	42,770	-	42,270	-
Nuneaton & Harriers Community Association Ltd	17,878	-	17,878	-
Khair In The Community	0	-	0	-
Warwickshire Young Carers	0	-	0	-

## 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 2023/24 not being material in the context of the Council's accounts, group accounts have not been prepared however note 33 provides additional information.

As at 31<sup>st</sup> March 2024, Nuneaton and Bedworth Borough Council held a debtor on its balance sheet of £334,274 (2022/23: £220,238) in respect of money owed to it by NABCEL and a creditor of £287,949 as monies owed to NABCEL (2022/23: £634,310).

### **Sherbourne Recycling Limited**

Sherbourne Recycling Ltd (SRL) is a private company limited by shares, incorporated on 25<sup>th</sup> February 2021. Eight local authorities including NBBC each hold shares in the company with the purpose of constructing and operating a new materials recycling facility (MRF). The Councils that have agreed to work together in a partnering relationship to jointly procure are Coventry City Council, North Warwickshire Borough Council, Nuneaton and Bedworth Borough Council, Rugby Borough Council, Stratford-on-Avon District Council, Solihull Metropolitan Borough Council, Walsall Council and Warwick District Council.

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

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

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

All interest accrued during this phase will be capitalised and added to the principal at the end of the construction phase. Once operational the principal and interest will be repaid over the next 25 years in line with the loan facility agreement. The facility opened as was fully operation in October 2023.

### **HEART**

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

£	2023/24	2022/23
Rugby Borough Council	779,822	702,743
North Warwickshire Borough Council	863,983	771,358
Warwick District Council	1,000,427	979,174
Stratford on Avon District Council	1,049,824	980,303

A total of £4.8m of unspent contributions from the above authorities is held within Capital Grants Receipts in Advance as at 31<sup>st</sup> March 2024 to be utilised in future years (£3.6m as at 31st March 2023).

### **Healthy Living Network**

The Council processes the payroll for the Healthy Living Network and in 2023/24 processed transactions totalling £232,734 (2022/23: £229,283) which is then repaid by the organisation.

### **Nuneaton Harriers Community Association**

The Council processes the payroll for the Nuneaton Harriers and in 2023/24 processed transactions totalling £89,425 (2022/23: £92,211) which is then repaid by the organisation.

### **Pride in Camp Hill Ltd**

Due to the nature of the tri-partite agreement referred to in note 32, Pride in Camp Hill Ltd (PinCH) is considered to be a related party of the Borough Council. In 2023/24 the Council did not make a contribution towards the running costs of the company. At year-end there was a debtor amount of £76,398 on the balance sheet for amounts owed to the Council (2022/23: £118,254).

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

## **32. CAMP HILL**

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

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

Following a tender exercise, Barratt were named as the preferred developer in 2007, and a Development Agreement was signed in October 2009. Acquisition and demolition of properties in Phase 3 began in 2006/07 and during 2023/24 £199k of capital expenditure was incurred by the Council.

## **33. NUNEATON AND BEDWORTH COMMUNITY ENTERPRISES LTD (NABCEL)**

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

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

Group accounts have not been prepared as for 2023/24 it is deemed that the revenue amounts across service areas within the Net Cost of Services of the CIES are not material to require group accounts to be prepared. However, as the business continues to expand, it is considered prudent to include supplementary details within a note to the accounts.

For the year 2023/24 the turnover of NABCEL totalled £4.785m of which £4.209m was generated from agreements with Nuneaton and Bedworth Borough Council (£3.92m in 2022/23). After costs and allowable expenses of £4.746m, NABCEL generated a profit after taxation of £49k (£46k in 2022/23).

Income was generated through the following service areas:

<i>£'000</i>	<b>2023/24</b>	<b>2022/23</b>
Rental	(762)	(683)
Management Fees	(427)	(350)
Gas Services	(1,749)	(2,005)
Electrical Services	(935)	(830)
Cleaning Services	(881)	(759)
Architect Services	0	0
Other	(31)	(5)
<b>Total</b>	<b>(4,785)</b>	<b>(4,632)</b>

### 34. TRADING OPERATIONS

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

	2023/24	2023/24	2023/24	2023/24	2023/24	2022/23	2022/23
	Costs	Income	(Surplus)/ Deficit Before Capital Charges	Capital Charges	(Surplus)/ Deficit After Capital Charges	(Surplus)/ Deficit Before Capital Charges	(Surplus)/ Deficit After Capital Charges
£'000							
Markets	500	(279)	221	37	<b>258</b>	240	<b>294</b>
Trade Waste	78	(77)	1	-	<b>1</b>	(14)	<b>(14)</b>
Car Parks	1,249	(1,316)	(67)	(33)	<b>(100)</b>	(50)	<b>179</b>
* Civic Hall - shows and catering	-	-	-	-	-	284	<b>591</b>
Mobile Home Sites	13	(245)	(232)	84	<b>(148)</b>	(151)	<b>(88)</b>
Commercial properties	667	(1,057)	(390)	2,802	<b>2,412</b>	(582)	<b>(582)</b>
Industrial properties	77	(178)	(101)	18	<b>(83)</b>	(121)	<b>(121)</b>
NABCEL	18	(460)	(442)	-	<b>(442)</b>	(422)	<b>(422)</b>
Green Waste	615	(1,021)	(406)	-	<b>(406)</b>	(351)	<b>(235)</b>
<b>Total</b>	<b>3,217</b>	<b>(4,633)</b>	<b>(1,416)</b>	<b>2,908</b>	<b>1,492</b>	<b>(1,167)</b>	<b>(398)</b>

\* Civic Hall approval to tender for a lease arrangement in April 2023 - closed from Nov 2022 when NHS lease terminated

### 35. ACQUIRED AND DISCONTINUED OPERATIONS

The Civic Hall in Bedworth closed in March 2020 due to the pandemic. The café was reopened briefly during 2020 but was forced to close due to lockdown rulings. The site was reopened in November 2021 as a Covid test centre and was then transferred to the NHS in January 2022 as a vaccination centre.

The NHS terminated their lease in November 2022 and the decision was made to keep the site closed due to cost pressures. Approval was given to undertake a tender exercise during 2023, and Expressions of Interest were sought.

During 2024, a lease has been agreed with a community group and is no longer trading under Nuneaton and Bedworth Borough Council control. This asset is now considered a discontinued operation for the Council.

### 36. CAPITAL EXPENDITURE AND FINANCING

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

£'000	2023/24	2022/23
<b>Opening Capital Financing Requirement</b>	<b>98,143</b>	<b>95,546</b>
Capital Investment		
Property, Plant and Equipment	34,327	25,060
Investment Properties	222	1,699
Intangible Assets	282	416
Revenue Expenditure Funded from Capital under Statute	6,361	5,937
Sources of Finance		
Capital receipts	(358)	(1,303)
Government grants and other contributions	(17,365)	(15,982)
Major Repairs Reserve	(8,724)	(8,724)
Sums set aside from revenue - direct revenue contributions	(3,243)	(3,970)
Sums set aside from revenue - Minimum Revenue Provision	(654)	(536)
<b>Closing Capital Financing Requirement</b>	<b>108,991</b>	<b>98,143</b>
<b>Explanation of movements in year:</b>		
Increase in underlying need to borrow:		
Unsupported by government financial assistance	11,502	3,133
Sums set aside from revenue:		
Minimum / Voluntary Revenue Provision	(654)	(536)
<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>10,848</b>	<b>2,597</b>

### **37. IMPAIRMENT LOSSES**

During 2023/24 there were no impairment losses recognised and charged to the CIES across portfolios.

### **38. DEFINED BENEFIT PENSION SCHEME**

#### **Participation in Pension Schemes**

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

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

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

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

#### **Transactions Relating to Post-Employment Benefits**

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



£'000	2023/24		2022/23	
	Local Government Pension Scheme	Discretionary Benefit Arrangements	Local Government Pension Scheme	Discretionary Benefit Arrangements
<b>Included in Net Cost of Services:</b>				
Current Service Costs	3,273	-	6,458	-
Past Service Costs	286	-		
<b>Financing and Investment Income and Expenditure:</b>				
Net Interest Expense	(977)	(76)	1,019	85
<b>Net Charge to the Provision of Services</b>	<b>2,582</b>	<b>(76)</b>	<b>7,477</b>	<b>85</b>
<b>Other Comprehensive Income &amp; Expenditure:</b>				
Return on Plan Assets (excluding the amount included in net interest expense)	(6,787)	-	7,563	-
Changes in Financial Assumptions	(6,996)	(543)	(71,305)	(5,965)
Changes in Demographic Assumptions	(1,113)	-	(3,847)	-
Other	5,487	-	8,166	-
<b>Total</b>	<b>(9,409)</b>	<b>(543)</b>	<b>(59,423)</b>	<b>(5,965)</b>
<b>Movement in Reserves Statement:</b>				
Reversal of items relating to retirement benefits debited or credited to the CIES	(2,582)	76	(7,477)	(85)
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>				
Employers' contributions payable to the scheme	3,669		3,359	
Retirement benefits payable to pensioners		285		281

## Pensions Assets and Liabilities Recognised in the Balance Sheet

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

£'000	2023/24		2022/23	
	Local Government Pension Scheme	Discretionary Benefit Arrangements	Local Government Pension Scheme	Discretionary Benefit Arrangements
Present value of the defined benefit obligation	173,418	2,778	172,348	2,966
Fair value of plan assets	(209,556)	-	(197,274)	-
<b>Net (Asset)/Liability arising from the defined benefit obligation</b>	<b>(36,138)</b>	<b>2,778</b>	<b>(24,926)</b>	<b>2,966</b>

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

£'000	2023/24	2022/23
<b>Balance at 1 April</b>	197,274	203,558
Interest Income	9,282	5,458
<b>Remeasurement gain / (loss):</b>		
Return on assets excluding amounts included in the net interest expense	6,787	(7,563)
Contributions from employer	3,669	3,359
Contributions in respect of unfunded benefits	285	281
Contributions from employees	977	914
Other	-	(1,623)
Benefits paid	(8,718)	(7,110)
<b>Balance at 31 March</b>	<b>209,556</b>	<b>197,274</b>

## Reconciliation of Present Value of the Scheme Liabilities

£'000	2023/24		2022/23	
	Local Government Pension Scheme	Discretionary Benefit Arrangements	Local Government Pension Scheme	Discretionary Benefit Arrangements
Balance at 1 April	172,345	2,969	239,443	3,621
Current service cost	3,273	-	6,458	-
Interest cost	7,636	593	6,037	525
Contributions from scheme participants	977	-	914	-
<b>Remeasurement (gains) and losses:</b>				
- changes in financial assumptions	(6,996)	(543)	(76,374)	(896)
- changes in demographic assumptions	(1,113)	-	(3,847)	-
- other	5,487	-	6,543	-
Benefits paid	(8,433)	(285)	(6,829)	(281)
<b>Balance at 31 March</b>	<b>173,177</b>	<b>2,733</b>	<b>172,345</b>	<b>2,969</b>

## Local Government Pension Scheme Assets Analysis

£'000	Year ended 31 March 2024				Year ended 31 March 2023			
	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage of total assets	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage of total assets
<b>Equity Securities</b>								
Other	0	0	0	0%	0	84	84	0%
<b>Debt Securities</b>								
Corporate Bonds (investment grade)	0	0	0	0%	13,126	0	13,126	7%
Corporate Bonds (non-investment grade)	23,693	0	23,693	11%	4,234	0	4,234	2%
UK Government	0	0	0	0%	6,905	0	6,905	4%
Other	0	8,120	8,120	4%	0	7,299	7,299	4%
<b>Private Equity</b>								
All	0	14,869	14,869	7%	0	14,598	14,598	7%
<b>Real Estate</b>								
UK Property	15,249	0	15,249	7%	18,149	0	18,149	9%
Overseas Property	2,100	0	2,100	1%	0	0	0	0%
<b>Investment Funds and Unit Trusts</b>								
Equities	118,651	0	118,651	57%	98,948	0	98,948	50%
Bonds	0	0	0	0%	17,755	0	17,755	9%
Infrastructure	0	19,113	19,113	9%	0	13,809	13,809	7%
<b>Cash and Cash Equivalents</b>								
All	7,762	0	7,762	4%	2,367	0	2,367	1%
<b>Total</b>	<b>167,455</b>	<b>42,101</b>	<b>209,556</b>	<b>100%</b>	<b>161,483</b>	<b>35,791</b>	<b>197,274</b>	<b>100%</b>

## Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions including mortality rates and salary levels. For 2023/24 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 31<sup>st</sup> March 2023.

The principal assumptions used by the actuary were:

£'000	2023/24		2022/23	
	Local Government Pension Scheme	Discretionary Benefit Arrangements	Local Government Pension Scheme	Discretionary Benefit Arrangements
<b>Mortality assumptions:</b>				
<b>Longevity at 65 for current pensioners:</b>				
Men	20.5 years	20.5 years	20.6 years	20.6 years
Women	23.4 years	23.4 years	23.6 years	23.6 years
<b>Longevity at 65 for future pensioners:</b>				
Men	21.2 years	-	21.4 years	-
Women	25.2 years	-	25.4 years	-
Rate of increase in salaries	3.80%	-	4.00%	-
Rate of increase in pensions	2.80%	3.00%	3.00%	3.00%
Rate for discounting scheme liabilities	4.80%	4.80%	4.75%	4.75%

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

## Impact on the Council's Cash Flows

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

## 39. PRIOR PERIOD ADJUSTMENT

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

# Housing Revenue Account

## Housing Revenue Account

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

### Income and Expenditure Statement

£000	2023/24	2022/23
Repairs and Maintenance	5,869	6,421
Supervision and Management	9,794	8,674
Depreciation and Impairment of Non-current Assets	20,409	24,161
Debt Management Costs	136	136
Movement in the Allowance for Bad Debts	261	306
<b>Total Expenditure</b>	<b>36,469</b>	<b>39,697</b>
Dwelling Rents	(26,086)	(24,373)
Non-dwelling Rents	(727)	(519)
Charges for Services and Facilities	(2,580)	(2,178)
Grant Income	0	0
<b>Total Income</b>	<b>(29,393)</b>	<b>(27,070)</b>
HRA Share of Corporate and Democratic Core	178	178
HRA share of other amounts included in the whole authority Cost of Services but not allocated to specific services	60	3
<b>Total Net Cost / (Income) for HRA Services</b>	<b>7,314</b>	<b>12,808</b>
HRA Share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
(Gain) or Loss on sale of HRA non-current assets	(359)	(560)
Interest payable and similar charges	1,552	1,950
Interest and Investment income	376	(0)
Pensions interest cost and expected return on pensions assets	(222)	222
Capital Grants and contributions receivable	(1,146)	(3,100)
<b>(Surplus) / Deficit for HRA Services</b>	<b>7,515</b>	<b>11,321</b>

# Housing Revenue Account

## Movement on the HRA Statement

<i>£000</i>	<b>2023/24</b>	<b>2022/23</b>
Balance on the HRA at the end of the previous year	(7,784)	(9,540)
(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	7,515	11,321
Adjustments between accounting basis and funding basis under statute	(7,583)	(9,565)
(Increase) or decrease on the HRA	(68)	1,756
Balance on the HRA at the end of the current year	<b>(7,852)</b>	<b>(7,784)</b>

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

<i>£000</i>	<b>2023/24</b>	<b>2022/23</b>
Difference Between any other item of income and expenditure determined in accordance with the code and determined in accordance with HRA requirements	53	(3)
Gain or Loss on sale of HRA non-current assets	359	560
HRA share of contributions to or from the Pensions Reserve	305	(789)
Capital Expenditure funded by the HRA	1,127	2,314
Transfer to the Major Repairs Reserve	9,836	9,413
Other transfers to/ (from) the Capital Adjustment Account	(19,263)	(21,061)
<b>Total adjustments between accounting basis and funding basis under statute</b>	<b>(7,583)</b>	<b>(9,565)</b>

# Notes to the Housing Revenue Account

## Notes to the Housing Revenue Account

### 1) HOUSING STOCK

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

	Houses and Bungalows	Flats and Maisonettes	Total
Housing Stock as at 1st April 23	3,285	2,344	5,629
Acquisitions	3	-	3
New Build	-	-	-
Sales	(10)	(3)	(13)
Demolitions	-	-	-
Reclassified	-	-	-
<b>Housing Stock as at 31st March 24</b>	<b>3,278</b>	<b>2,341</b>	<b>5,619</b>

### 2) HRA FIXED ASSETS MOVEMENTS

The vacant possession value of Council Dwellings at 31<sup>st</sup> March 2024 was estimated to be £709.89m. The difference between this and the Balance Sheet value of £283.92m represents the economic cost to the Council of providing council housing at below open market rents.

	Council Dwellings	Other Land & Buildings	Plant/ Vehicles & Equipment	Infrastructure Assets	TOTAL
<i>£'000</i>					
<b>Cost or Valuation</b>					
As at 1st April 2023	248,028	5,558	1,000	134	254,721
Additions	11,538	95	1,428	0	13,061
Revaluations	34,371	5,219	0	0	39,590
Derecognition - Disposals	(714)	0	(643)	0	(1,357)
Other movement in cost or valuation	0	1,350	0	0	1,350
<b>As at 31st March 2024</b>	<b>293,224</b>	<b>12,222</b>	<b>1,786</b>	<b>134</b>	<b>307,366</b>
<b>Accumulated Depreciation &amp; Impairment</b>					
As at 1st April 2023	0	0	(978)	(38)	(1,016)
Depreciation Charge	(9,314)	(124)	(151)	(5)	(9,595)
Revaluations	0	0	0	0	-
Other impairment losses	0	0	0	0	-
Derecognition - Disposals	10	0	632	0	642
<b>As at 31st March 2024</b>	<b>(9,304)</b>	<b>(124)</b>	<b>(498)</b>	<b>(43)</b>	<b>(9,969)</b>
Net Book Value					
at 31st March 23	248,028	5,558	22	97	253,705
<b>at 31st March 24</b>	<b>283,920</b>	<b>12,097</b>	<b>1,288</b>	<b>91</b>	<b>297,397</b>

## Notes to the Housing Revenue Account

### 3) CAPITAL EXPENDITURE

The Housing Revenue Account capital expenditure and its financing was:

£000	2023/24	2022/23
Dwellings	11,661	14,054
Land & Buildings	678	375
Vehicles	1,428	-
Assets Under Construction	1,364	291
Intangible Assets	2,208	1,736
<b>Total Capital Expenditure</b>	<b>17,338</b>	<b>16,457</b>
Borrowing not attracting Government Support	4,291	355
Usable Capital Receipts	159	1,255
Revenue Contributions	2,493	3,023
External Grants & Contributions	1,672	3,100
Major Repairs Reserve	8,724	8,724
<b>Total Funding</b>	<b>17,338</b>	<b>16,457</b>

### 4) MAJOR REPAIRS RESERVE

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

£000	2023/24	2022/23
Balance at 1 April	(2,064)	(2,064)
Transfer from the HRA equal to depreciation	(9,633)	(9,413)
Additional voluntary contribution transferred from the HRA	(203)	(2,314)
Amounts applied to finance capital expenditure	10,070	11,727
<b>Balance at 31 March</b>	<b>(1,830)</b>	<b>(2,064)</b>

### 5) GROSS RENT OF DWELLINGS

Amounts reported in the Income and Expenditure statement is net rent income due after making allowances for vacant properties. Gross rent is calculated as the rent due on all dwelling stock for the year and losses from voids and vacancies amounted to 1.64% of the gross rent income (2022/23: 1.74%). Average rent for the year was £89.28 a week compared to £83.25 in 2022/23.

### 6) RENT ARREARS

£000	2023/24	2022/23
Gross arrears	3,411	2,639
Bad debt provisions	(2,150)	(1,873)
<b>Gross arrears as percentage of gross rent income</b>	<b>13.1%</b>	<b>10.8%</b>



# Notes to the Housing Revenue Account

## 7) CAPITAL RECEIPTS

£000	2023/24	2022/23
Sale of dwellings under right to buy	(1,073)	(2,127)
Amounts Pooled to Central Government	-	-
<b>Net Capital Receipts</b>	<b>(1,073)</b>	<b>(2,127)</b>

## 8) PENSIONS RESERVE CONTRIBUTION

£000	2023/24	2022/23
Difference between current service cost of pensions and past service cost in accordance with IAS 19 and actual employers' contributions	527	(1,011)
Net interest on Pensions Liability	(222)	222
<b>Total Pension Reserve Contribution</b>	<b>305</b>	<b>(789)</b>

# Collection Fund

## Collection Fund

### Income and Expenditure Statement

£000	2023/24		2022/23	
	Business Rates	Council Tax	Business Rates	Council Tax
<b>INCOME</b>				
Income from Council Tax	0	(87,513)	0	(83,584)
Income collectable from Business Rates	(36,641)	0	(31,117)	0
Transitional payments due	(2,897)	0	(14)	0
<b>Contributions towards previous year estimated deficit:</b>				
- Nuneaton and Bedworth Borough Council	0	0	(1,723)	0
- Warwickshire County Council	0	0	(431)	0
- Central Government	0	0	(2,154)	0
<b>Total Income</b>	<b>(39,538)</b>	<b>(87,513)</b>	<b>(35,439)</b>	<b>(83,584)</b>
<b>EXPENDITURE</b>				
Apportionment of previous year estimated surplus:				
- Nuneaton and Bedworth Borough Council	159	83	0	50
- Warwickshire Police and Crime Commissioner	0	88	0	52
- Warwickshire County Council	40	533	0	313
- Central Government	199	0	0	0
<b>Precepts, demands and shares:</b>				
- Nuneaton and Bedworth Borough Council	14,980	10,039	11,582	9,744
- Warwickshire Police and Crime Commissioner	0	10,854	0	10,300
- Warwickshire County Council	3,745	64,861	2,895	62,378
- Central Government	18,725	0	14,477	0
<b>Charges to the collection fund:</b>				
- Increase in bad debt provision	98	455	299	2,178
- Increase/(Decrease) in provision for appeals	(1,134)	0	(948)	0
- Transitional payments payable	0	0	0	0
- Cost of collection allowance	129	0	127	0
<b>Total Expenditure</b>	<b>36,940</b>	<b>86,913</b>	<b>28,434</b>	<b>85,015</b>
<b>(Surplus)/Deficit for the year</b>	<b>(2,598)</b>	<b>(600)</b>	<b>(7,005)</b>	<b>1,431</b>
Fund Balance Brought Forward	(3,374)	934	3,631	(497)
<b>Fund Balance at 31st March: (Surplus)/Deficit</b>	<b>(5,972)</b>	<b>334</b>	<b>(3,374)</b>	<b>934</b>
<b>Analysis of Fund Balance (Surplus)/Deficit</b>				
- Nuneaton and Bedworth Borough Council	(2,389)	39	(1,350)	109
- Warwickshire Police and Crime Commissioner	0	42	0	119
- Warwickshire County Council	(597)	252	(337)	706
- Central Government	(2,986)	0	(1,687)	0
	<b>(5,972)</b>	<b>334</b>	<b>(3,374)</b>	<b>934</b>

## Collection Fund

### NATIONAL NON-DOMESTIC RATES (NNDR)

The total non-domestic rateable value at 31<sup>st</sup> March 2024 was £99,443,067 (£87,363,455 as at 31<sup>st</sup> March 2023) and the national non-domestic rate multiplier for the year was 51.2p (2022/23: 51.2p). The small business rate relief can be applied in qualifying circumstances and provided a reduced multiplier of 49.9p for 2023/24 (2022/23: 49.9p).

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

### COUNCIL TAX BASE

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

A summary calculation of the Band D equivalents for 2023/24 and 2022/23 is shown in the following table:

Valuation Band	Number of chargeable properties		Adjusted property base (Band D equivalent)	
	2023/24	2022/23	2023/24	2022/23
<b>A - Disabled Relief Reduction (5/9)</b>	51	49	28	27
<b>A - (6/9)</b>	20,834	20,723	13,890	13,816
<b>B - (7/9)</b>	13,612	13,486	10,588	10,490
<b>C - (8/9)</b>	14,361	13,997	12,766	12,443
<b>D - (9/9)</b>	7,786	7,654	7,786	7,654
<b>E - (11/9)</b>	3,086	3,014	3,773	3,685
<b>F - (13/9)</b>	844	819	1,220	1,184
<b>G - (15/9)</b>	190	188	318	314
<b>H - (18/9)</b>	18	17	36	34
<b>Totals</b>	<b>60,782</b>	<b>59,947</b>	<b>50,405</b>	<b>49,647</b>

In order to collect the total precept requirements of £85.7m (2022/23: £84.4m) a Band D Council Tax of £2,186.22 was determined (2021/22: £2,102.15).

# Glossary of Terms

## Glossary of Terms

### **Agency**

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

### **Approved Budget**

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

### **Authorised limit**

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

### **Band D Equivalent**

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

### **Billing Authority**

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

### **Budget**

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

### **Business Rates (Non-Domestic Rates – NDR)**

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

### **Capital Adjustment Account**

Resources set aside to meet past capital expenditure.

### **Capital programme**

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

### **Capital receipt**

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

## **Glossary of Terms**

### **Capital spending**

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

### **Capital spending charged to revenue**

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

### **Capping**

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

### **Cash Flow Statement**

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

### **CIPFA**

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

### **Collection Fund**

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

### **Council Tax**

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

### **Council Tax Base**

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

### **Council Tax surpluses/losses**

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

### **Creditors**

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

## **Glossary of Terms**

### **Current assets**

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

### **Current liabilities**

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

### **Current service cost**

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

### **Current spending**

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

### **Curtailment costs**

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

### **Debtors**

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

### **Depreciation**

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

### **Earmarked reserves**

Money set aside for a specific purpose.

### **Financial year**

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

### **General reserves**

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

### **Government grants**

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

### **Gross spending**

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

### **International Financial Reporting Standards (IFRS)**

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

# Glossary of Terms

## **Inventories**

Goods purchased that have not yet been utilised.

## **Leasing**

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

## **Levy**

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

## **Liabilities**

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

## **Loss**

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

## **Minimum revenue provision (MRP)**

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

## **Net book value**

The value of an asset after depreciation and impairment charges.

## **Net interest on the net defined benefit pension liability**

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

## **Net spending**

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

## **Operating leases**

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

## **Overheads**

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

## **Past service costs**

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

## **Petty Cash**

Insignificant sums of cash retained to pay sundry expenses.

## **Precept**

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

## **Glossary of Terms**

### **Property, Plant and Equipment**

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

### **Provisions**

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

### **Prudential Code**

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

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

### **Prudential System**

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

### **Rateable Value (RV)**

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

### **Reimbursements**

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

### **Reserves and funds**

Savings accumulated from retained surpluses.

### **Revaluation Reserve**

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

### **Revenue spending**

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

### **Revenue Support Grant**

The government grant to support Local Authority services.

### **Specific grants**

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



## **Glossary of Terms**

### **Surplus**

The remaining amount having deducted expense sums from income receipts.

### **Tariff**

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

### **Tax Base**

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

### **PWLB**

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

### **Virement**

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

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

## Report on the Audit of the Financial Statements

### Report on the audit of the financial statements

#### Disclaimer of opinion on the financial statements

We were appointed to audit the financial statements of Nuneaton and Bedworth Borough Council (the 'Council') for the year ended 31 March 2024, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund Income and Expenditure Statement, and notes to the financial statements, including accounting policies and other information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24.

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

#### Basis for disclaimer of opinion

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 ('The Amendment Regulations') came into force. The Amendment Regulations require the Council to publish its Accountability Statements, which include the financial statements and auditor's opinion, by certain specified dates ('the backstop dates'), which have been put in law with the purpose of clearing the backlog of historical financial statements in English local government. The specified backstop dates include:

- 28 February 2025 for the Accountability Statements for 2023/24; and
- 13 December 2024 for any outstanding Accountability Statements for prior years.

The Council published its outstanding Accountability Statements for 2022/23 by the required backstop date. However, these Accountability Statements included a disclaimer of opinion issued by the Council's predecessor auditor.

The 2023/24 backstop date introduced by the Amendment Regulations, and its proximity to the previous backstop date, has impeded our ability to obtain sufficient appropriate evidence upon which to form an opinion on the financial statements for 2023/24 and to rebuild the missing assurance arising from the disclaimer of opinion for the previous financial year. There has been insufficient time for us to perform all necessary audit procedures.

#### Opinion on other matters required by the Code of Audit Practice

The Council are responsible for the other information. The other information comprises the information included in the Annual Governance Statement and the Statement of Accounts other than the financial statements and our auditor's report thereon.

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the "Code of Audit Practice"), we are required to consider, based on the work undertaken in the course of the audit of the

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

financial statements, whether the other information published together with the audited financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Because of the significance of the matters described in the 'Basis for disclaimer of opinion' section of this report, we have been unable to form an opinion on whether the other information published together with the financial statements in the Statement of Accounts and Annual Governance Statement, 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**

Under the Code of Audit Practice we are also 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 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.

Because of the significance of the matter described in the 'Basis for disclaimer of opinion' section of this report, we have been unable to consider the form and content of the Annual Governance Statement.

## **Responsibilities of the Council and the Strategic Director - Finance and Governance**

As explained in the Statement of responsibilities [set out on pages 15-16], 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 authority, that officer is the Strategic Director – Finance and Governance. The Strategic Director – Finance and Governance is responsible for the preparation of the Council's 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 2023/24, for being satisfied that they give a true and fair view, and for such internal control as the Strategic Director – Finance and Governance 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 Strategic Director – Finance and Governance is responsible for assessing the Council'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 to cease the provision of the services provided by the Council. The Strategic Director – Finance and Governance is required to comply with the requirements set out in the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24.

## **Auditor's responsibilities for the audit of the financial statements**

Our responsibility is to conduct an audit of the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matter described in the 'Basis for disclaimer of opinion' section of this report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements. In reaching this judgement we have complied with the requirements of the Code of Audit Practice and have had regard to the Local Audit Reset and Recovery Implementation Guidance published by the National Audit Office and endorsed by the Financial Reporting Council.

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The audit was defective in its ability to detect irregularities, including fraud, on the basis that we were unable to obtain sufficient appropriate audit evidence due to the matter described in the 'Basis for disclaimer of opinion' section of our report.

## **Report on other legal and regulatory matters**

### **Reports in the public interest or use of other statutory powers**

Under the Code of Audit Practice, we are required to report to you if, in the course of or at the conclusion of the audit, we:

- issue a report in the public interest under Section 24 of the Local Audit and Accountability Act 2014;
- make a written recommendation to the Council under section 24 of the Local Audit and Accountability Act 2014;
- 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;
- issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

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

### **Report on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources**

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have no matters to report except on 25 February 2025 we reported a significant weakness in the Council's governance arrangements. High staff turnover within the finance team has resulted in considerable delays in the preparation of financial statements in recent years. The draft financial statements for the 2023/24 financial year were not published until 1 November 2024. We have recommended that the Authority should ensure it has sufficient resource in its finance team in order to ensure it complies with statutory publication deadlines for the annual accounts as well as providing capacity to support the annual audit process.

### **Responsibilities of the Council**

As explained in the Statement of responsibilities, the Council is required to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets. The Council is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper

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

stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

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

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

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

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

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

## **Delayed certificate**

We cannot formally conclude the audit and issue an audit certificate for Nuneaton and Bedworth Borough Council for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice 2024 (the "Code") until we have completed all our responsibilities mandated by the Code.

- Our Whole of Government Accounts work for the year ended 31 March 2024, as mandated under the National Audit Office's group instructions, is currently outstanding.

We are satisfied that this work does not have a material effect on the financial statements, or on our conclusion on the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources for the year ended 31 March 2024.

In addition, the Council's predecessor auditor has not yet certified the closure of their audit for the year ended 31 March 2023.

## **Use of our report**

This report is made solely to the members of the Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Council's members those matters we are required to state to

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

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 Council and the members of the Council as a body, for our audit work, for this report, or for the opinions we have formed.



**Chris Brown, Key Audit Partner**

for and on behalf of Azets Audit Services, Local Auditor

Edinburgh

**28 February 2025**