

Statement of Accounts Rugby Borough Council 2022/23

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Narrative Report

Narrative Report of the Chief Officer – Finance and Performance

Dear Reader,

I am pleased to present the Rugby Borough Council Statement of Accounts (the Accounts) for the financial year 2022/23 and I hope you will find them of interest.

The purpose of the Accounts is to summarise the financial performance for the year 2022/23 and the overall financial position of the Council. It is intended that these Accounts will provide a useful and important source of financial information for the community, stakeholders, councillors and other interested parties.

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

The Narrative Report provides information about Rugby, including the key issues affecting the Council and its Accounts. It also provides a summary of the financial position at 31 March 2023 and is structured as follows:

- About Rugby Borough Council
- Governance
- Corporate Strategy 2021-24
- Financial Overview 2022/23
- Future Financial Outlook and Financial Resilience
- Finance Resilience Conclusion
- Financial Statements
- Further Information

Jon Illingworth CPFA
Chief Officer – Finance and Performance
28 September 2023

About Rugby Borough Council

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

One of the fastest growing boroughs in the country, we serve around 114,000 residents. We are proud of our diverse communities, our vibrant third sector, our environmental assets and the businesses that operate here.

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

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

We employ around 420 staff working in our offices, at home, across our cultural facilities and running our direct labour services. 42 borough councillors, representing electors in 16 wards, run the council using a leader and cabinet model.

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

Demographic information provides statistics on the population, age profile, deprivation, occupations and economy, and it gives a picture of the population served by Rugby Borough Council.

A summary of the relevant demographic information for Rugby is shown in the diagram below.



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

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

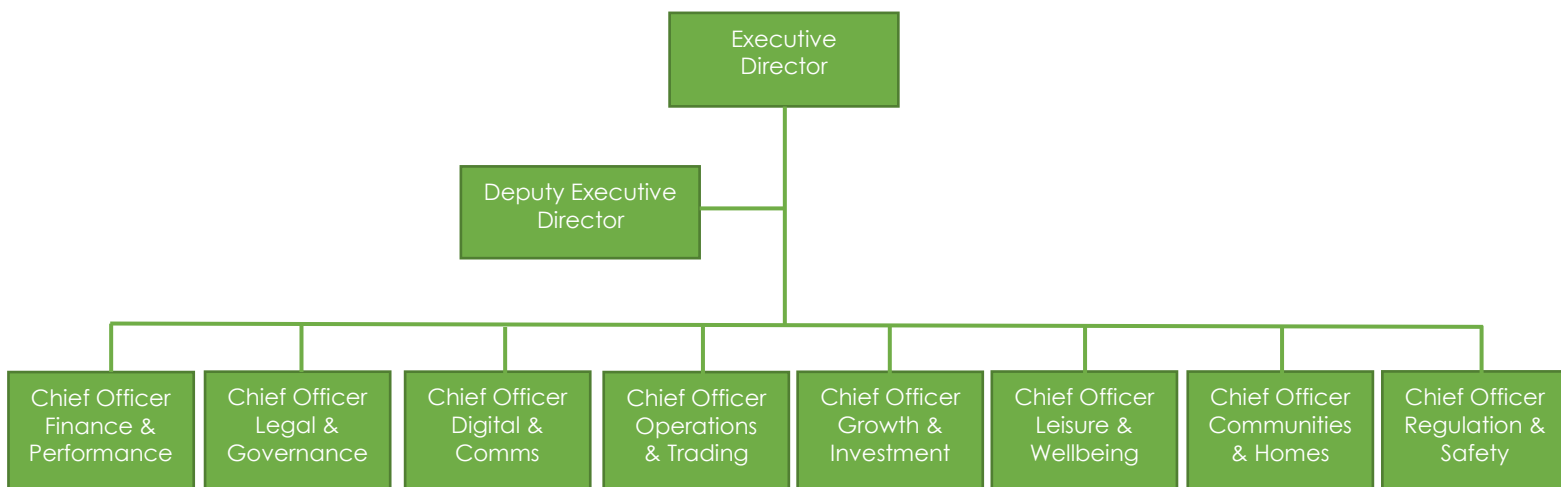
Political Structure in the 2022/23 Municipal Year

The borough of Rugby has 16 wards, and the Council consists of 42 Members and is a Conservative controlled authority. Borough elections were held on 6 May 2022.

	2021/22	Change	2022/23
Conservative Group	25	(2)	23
Labour Group	8	2	10
Liberal Democrat Group	9	-	9
Independents	0	-	0

Management Structure

Supporting the work of Councillors is the organisational structure of the Council headed by the Leadership Team, led by Executive Director Mannie Ketley and Deputy Executive Director Dan Green as below.



Governance

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

Further enhancements were made to our governance arrangements during 2022/23 including:

- A new Code of Local Governance – the Internal Constitution - has been approved and is being implemented. This complements the Constitution and will help to improve Officers’ understanding of delegated decision making and increase awareness of and compliance with policies and procedures.
- An independent external review of the Council’s arrangements for managing fraud, bribery and corruption has been completed and provided a Substantial level of assurance. An updated Strategy and Response Plan has been prepared and is set to be approved by the Audit & Ethics Committee in June 2023.
- The Council has adopted and implemented a new Member & Officer Protocol during the year. This is part of the journey of transformation and change in culture. The new protocol establishes key pillars in how members and officers can work together effectively.
- During summer 2022 and with external support, the Leadership Team developed a new suite of KPIs, key statistics and performance measures which went live during Quarter 2. The measures were then presented to Cabinet as part of the Finance & Performance report for Quarter 3. In addition the Council has subscribed to CFO Insights which enables the Council to compare its performance across a whole range of areas to other Local Authorities.

We are committed to ensuring continuous improvement in our governance year-on-year and an action plan has been developed for 2023/24; this includes:

- Development and implementation of a new Anti-Fraud, Bribery and Corruption Action Plan.
- Implementation of the Action Plan arising from the internal audit review of Data Protection and Records Management.
- Completion of the planned work to further embed the performance management methodology across the Council. The next evolution, which is currently being progressed, is to establish a powerBI dashboard, which will make information more accessible and easier to understand and interpret.

Corporate Strategy 2021-24

The corporate strategy will drive the Council’s ongoing transformation programme, the outcomes described within the proposed corporate strategy correlate to the four pillars of recovery:



The strapline for the Council, “Right for Rugby”, recognises that, irrespective of the challenges we face, the Council’s commitment is to do the right thing for the residents, businesses, and communities of our Borough.

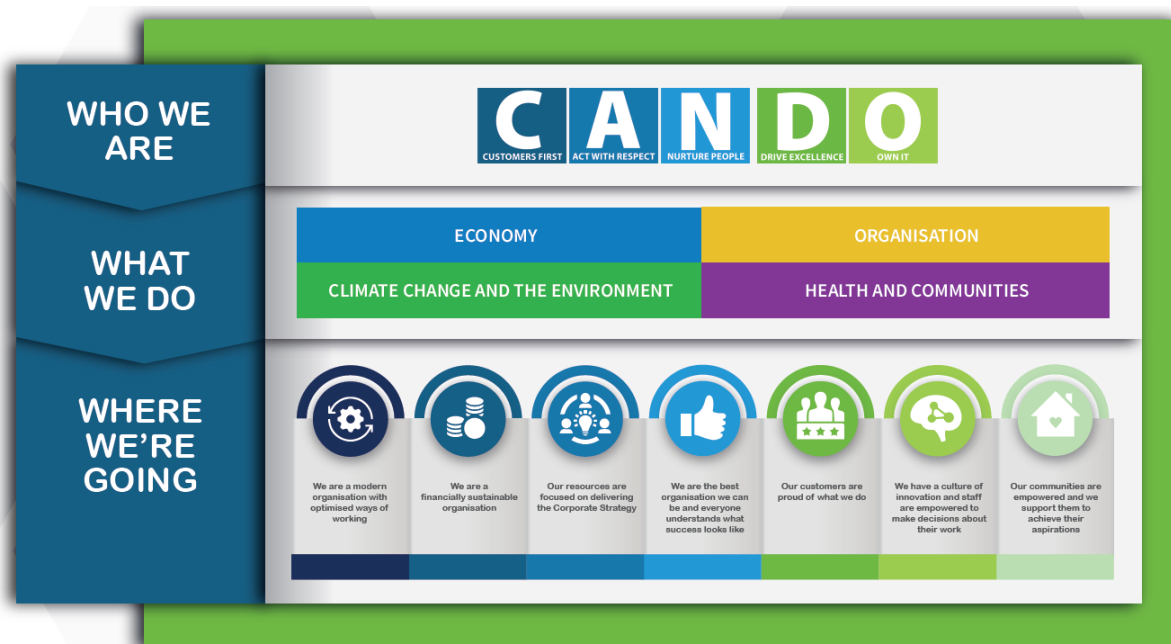
The strategy is focussed on the delivery of four overarching outcomes – those being:

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

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

2022/23 has been a year in which this Council has continued to deliver against the strategy outcomes. Through an ambitious programme of transformation, we have been able to evolve our ways of working, deliver financial efficiencies and improve outcomes for customers. As we further progress this transformation programme, these successes will provide the foundations for our future projects and initiatives.

To complement the Corporate Strategy, the Rugby Blueprint has been produced to support the evolution of our culture, provide a framework for how we will become the best we can be, and to encourage innovation and empowered decision-making at all levels. That includes our communities: we want to work with them as equal partners to achieve their aspirations and collectively shape our borough and enhance local pride.



We will become more agile, make best use of technology to optimise our ways of working and improve our processes, while delivering high quality services to our residents.

We recognise the importance of effective working between Councillors and officers and will strengthen that relationship to support robust decision-making and to provide effective community leadership. We will become more commercially focused, maximising income to help to protect our services and deliver financial sustainability.

Alongside this, we will ensure we remain as efficient as we can be, and that best value is achieved wherever we spend public funds.

The Council's 'CAN DO' values remain at the heart of all we do. They represent who we are, and they will be an important part of our HR and Workforce Strategies.

Overall, our vision for the borough is clear – we want to address the climate emergency, support a thriving economy and ensure healthy communities. This vision will be delivered by an ambitious Council comprising employees and councillors acting as one team to do what is Right for Rugby.

Through the publication of our annual report in July 2023, the council will provide details of some of our work from the last 12 months, highlighting some of our key achievements. As always, our essential services remain at the heart of what we do and this has been achieved through the ongoing commitment of colleagues within the Council. A summary of the successes can be seen in the table below;

			
<p>Climate</p> <ul style="list-style-type: none"> • We are now a Carbon Literate Organisation, having achieved Bronze Award in 2022. • We have enhanced the Parks Connector with aims to improve access to open spaces and provide a series of green travel corridors to promote walking and cycling. • We engaged with local business both to better understand their needs in terms of addressing Climate Change. • With our partner, EON improved the thermal efficiency of 95 private sector homes with wall insulation and loft insulation. • Adopted a new Climate Change and Sustainable Design and Construction Supplementary Planning Document (SPD). • We retained the Gold award at Heart of England in Bloom for 14th year running. • Earmarked a HRA Housing Climate Change reserve of £1M, as match funding, to support our recent successful £1.1M bid to the national Social Housing Decarbonisation Fund. As a result 110 households will benefit from external wall insulation 	<p>Economy</p> <ul style="list-style-type: none"> • Provide funding the Coventry and Warwickshire Growth Hub, to provide help and support to medium to large businesses in Rugby and across the region. • We have secured £3million pounds over 3 years of UK Shared Prosperity Fund (UKSPF). In year 1 the Council has committed £314,680 to projects in the town centre • Delivered planning permission for over 100 hectares of employment land and worked with the owners of our strategic allocated employment sites to ensure that they are built out and provide jobs and opportunities for residents.. • On South West Rugby the first phase of housing for 210 dwellings and a primary school has been granted planning permission and The Homestead Link Road application has been submitted which will provide the highway infrastructure required to allow the south west allocation to be delivered. • We continue to work with the Chamber of Commerce to deliver targeted initiatives for businesses. A three year programme has delivered a growth accelerator for businesses assisting 253 businesses and generating £468K of GDV. • There has been a new intake of apprentices across multiple Council services, working in partnership with Warwickshire College. 	<p>Health and Communities</p> <ul style="list-style-type: none"> • The Rugby Lotto generated £31,000 income for local voluntary and community groups and good causes during 2022/23. • The work of the PHIL (Preventing Homelessness Improving Lives) project has successfully been integrated into the business-as-usual work of the Housing Advice and Benefits Team. • The councils Queen's Diamond Jubilee Centre operated by GLL saw an average of 65,000 visits per month • We have secured £6.8m of Homes England funding for new affordable homes at Biart Place. Along with a further £2M from the Local Enterprise Partnership. • The exhibitions at the Art Gallery and Museum included the New Cross Fire exhibition, working directly with the survivors of the tragedy remains a focal point of the fight for racial justice in Britain. • We have proactively addressed fly tipping with Community Wardens patrols, deployment of CCTV and working with partners such as Warwickshire Police. • 26,434 children and young people have benefited from the programme at Rugby Art Gallery and Museum 	<p>Organisation</p> <ul style="list-style-type: none"> • delivered the first phase of our new Housing Management System. As well as being more efficient as all customer information is readily accessible within one system, tenants can now carry out tasks such as checking their rent accounts online. • Collected 98% of council tax through the energy crisis and cost of living crisis. • Our Internal Constitution has strengthened our internal governance and provides an overview of key areas and how officers and the organisation as a whole operate. • Winning the Royal Town Planning Institute Award for Planning Excellence in Heritage & Culture for Houlton Secondary School. • Transformation projects have realised a cashable benefit of £0.286m in 2022/23 and a further £0.463m from April 2023. This includes procurement savings and ensuring that fees are set at levels which cover the costs of running services. • We paid the Council Tax Energy Rebate to over 36,000 households totalling over £5.4m in value, on time and with no extra resource. • We paid the Council Tax Energy Rebate to over 36,000 households totalling over £5.4m in value, on time and with no extra resource. • We have relaunched our tenant involvement offer to actively encourage our tenants to get involved with shaping the delivery their housing services.

In addition to the above, the Council also has five Commercialisation Pillars, developed in conjunction with the Chartered Institute of Public Finance and Accountancy (CIPFA) during 2022/23, which provide a baseline to work towards. This baseline supports officers to have active challenge and ensure projects are undertaken with the best interests of the Council in mind. The five pillars are as follows:



Commitment/deliverability

Ensuring that Rugby has secured appropriate financial commitments; that there is a clear focus on value for money; that the risk profile of the initiative/project is acceptable to Rugby.



Value for resource

Linked to commitment. Ensuring that Rugby has the required resources (internal/external/voluntary) and that resources are prioritised. Ensuring that there is balance between risk and reward to encourage innovation.



Innovation

"Encouraging our staff to be innovative". Creating an environment and the support network for staff to generate and realise new possibilities and ways of doing things.



Reward and return

Striking the right balance to ensure that we maximise the Councils USP as a key enabler for further change. To ensure that we cascade *reward and return* to our communities and the people/business we serve.

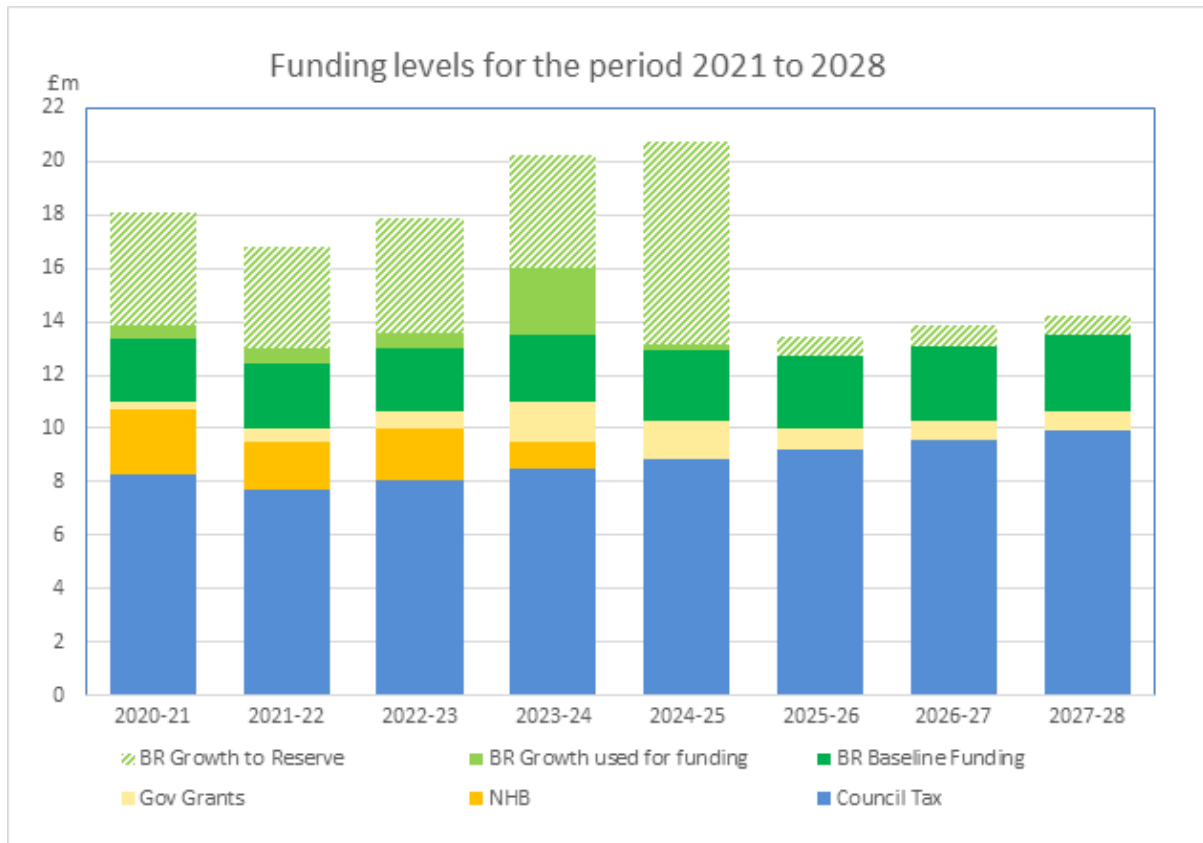


Aspiration and inspiration

Ensuring that we aspire and inspire the organisation to do the right things and that we create the right opportunities. Deliver the corporate priorities to get the best value, outcomes and services for our residents and businesses.

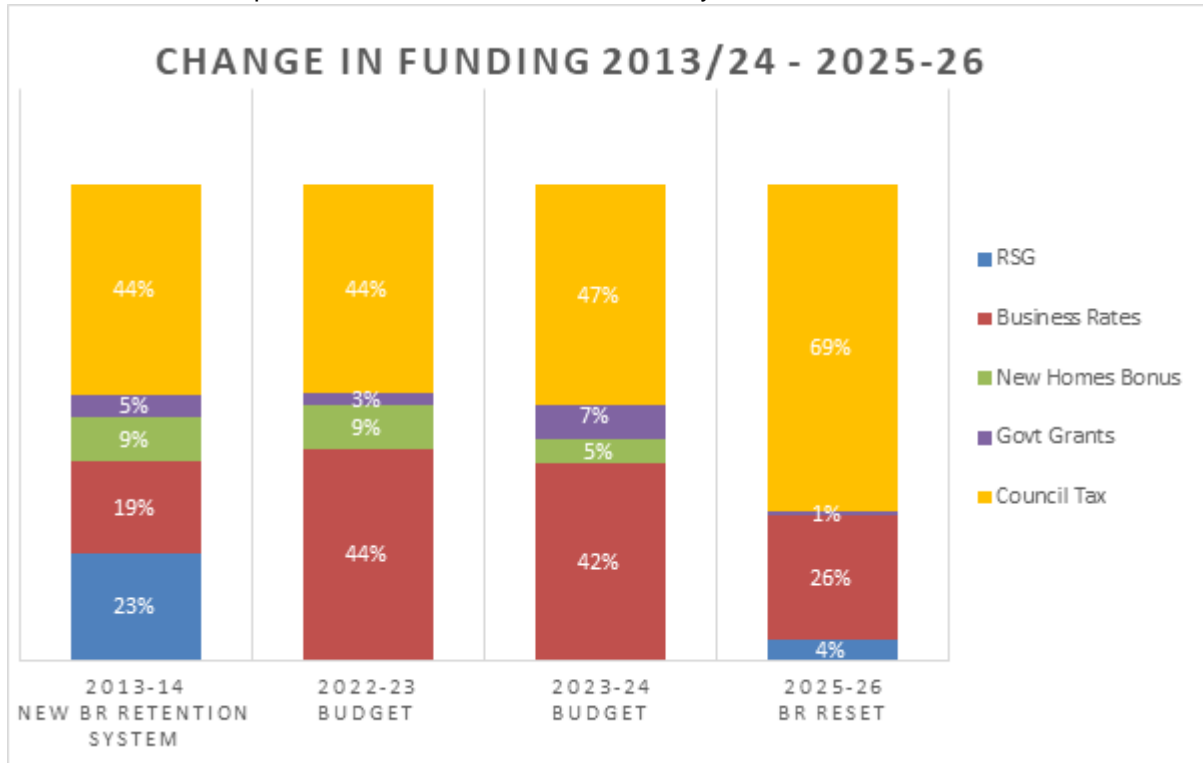
Financial Overview 2022/23

The sources of funding for the Council since 2020/21 are detailed in the table below. Largely it comes from two sources, Council Tax and business rates. Council tax income remains relatively consistent throughout the period at the level between £8 to £10m. The annual increases derive from a combination of inflationary increases (capped at the greater of 2% or £5 for 2022/23) and growth of the tax base which relates to the increase in households in the borough.



Under the scheme that was established in 2013/14, the Council retains any growth in business rates over its baseline value which is £2.414m in 2022/23. As a high growth borough this has been a significant advantage to Rugby with a contribution to the reserve of (£4.416m) in 2022/23 which was made up of a budgeted contribution of (£2.633m) plus the 2022/23 surplus on the collection fund of (£1.783m). Under plans announced by Government in 2017 the baseline level of business rates is expected to be reset which could mean that the benefit of all the growth gained since 2013/14 is lost. The table below demonstrates that as well as receiving a significant reduction in income as a result of the reset, the % of council funding received from business rates has increased from 19% - 35%. In 2013/14 Council tax equated to around 44% of the funding

of the council, it is expected that this will increase to 69% by the time we reach 2025/26.



Medium Term Financial Strategy

The existing Medium Term Financial Strategy (MTFS) ran for the period 1 April 2018 - 31 March 2023 and 22 February 2023 the new MTFS was approved by Council which runs for the period 1 April 2023 – 31 March 2027. The document aligns with the Corporate Strategy and there are a number of core principles that also underline the Medium-Term Financial Strategy (MTFS):

- Set robust, comprehensive and achievable budgets, exploring all avenues of income to meet our financial targets.
- Undertake commercial activities in the open market, where it is sustainable and responsible to do so.
- Maintain robust systems of governance that ensure fairness, accountability, and transparency.
- Treat taxpayers' money with respect and ensure that our high-quality services demonstrate value for money.

This MTFS is also supported by a strong framework of financial policies and strategy documents that include:

- Capital Strategy
- Treasury Management Strategy
- Local Plan 2011-2031
- Asset Management Strategy
- Procurement Strategy
- Housing Strategy
- Risk Management Strategy

The MTFS will now be a rolling 3-year document which will be updated as part of the annual budget setting process. This allows the organisation to be adaptable in a period of uncertainty around key Government funding decisions, but is also a more effective planning tool.

Housing Revenue Account (HRA) Rents

Housing Rents were set by Council on 8 February 2022. Council agreed to a rent uplift of 4.1% (CPI + 1%) for 2022/23 in line with government guidance on Social Rent policy for the period 2020/21 to 2024/25.

Council Tax

At the end of March 2023, the Council tax base was 0.83% above the approved budget and as a result the Collection Fund is in surplus at year end of £0.629m.

Business Rates

During 2022/23 the actual business rates billed and accounted for was higher than the budgeted amount. As a result, there is a overall outturn surplus on the Collection Fund of (£1.783m) at the end of 2022/23.

General Fund

The budget for 2022/23 was approved on 22 February 2022. This included portfolio related spend of £16.145m which is an increase of £0.335m from the 2021/22 financial year. Portfolio related spend includes the costs and fees and charges relating to the services that we provide.

The budget for the year included growth to mitigate against service pressures and inflation of £0.421m, savings and income of £0.293m and key decisions of £9.289m. After taking into consideration corporate items such as Minimum Revenue Provision and planned contributions to reserves the total budget for the General fund was £20.880m.

Included within the budget was income from Council Tax of (£9.126m) and business rates of (£7.412m), of which (£2.634m) is contributed to the business rates equalisation reserve to mitigate against the impact of the business rates reset expected on the 1 April 2023. In addition to the (£1.500m) of the business rates income above the baseline was used to increase the Transformation and Climate Change reserves in order to boost the pipeline projects in these areas.

As reported to Cabinet on 26 June, the 2022/23 total Portfolio expenditure was £18.077m against a revised budget of £15.980m, resulting in a pressure of £2.097m.

After adjusting for net cost of borrowing, the Minimum Revenue Provision for the repayment of debt and other corporate items, the net saving on Revenue expenditure is (£0.496m).

Portfolio expenditure

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

Portfolio	Revised Budget £000	2022/23 Spend £000	Carry forward and Reserves £000	Revised Actual £000	Net Variance £000
Communities, Homes, Digital and Communications	2,306	2,592	0	2,562	256
Finance, Performance, Legal and Governance	3,062	3,392	0	3,392	331
Growth and Investment	1,560	1,708	38	1,746	186
Leisure and Wellbeing	3,597	3,913	52	3,965	368
Operation and Traded Services	4,328	4,920	0	4,920	592
Regulation and Safety	1,206	1,281	0	1,281	75
Executive Director	0	142	0	142	142
Change and Transformation	(79)	69	0	69	148
Net Portfolio Expenditure	15,980	17,987	90	18,077	2,097
Corporate Items	966	(1,481)	78	(1,403)	(2,369)
Total Net Revenue Expenditure	16,946	16,506	168	16,674	(272)
Financing and reserves	3,934	3,878	(168)	3,710	(224)
Total Outturn	20,880	20,384	0	20,384	(496)

This year has seen a large number of vacancies within services across all portfolios. With the move to a more agile way of working, this has meant more job opportunities have become available and Rugby Borough Council is now competing with a much wider range of recruiters. During 2022/23, we have seen a (£1.499m) saving on salaries which has been offset by an overspend on Agency of £1.215m. As at 31 March 2023, 56.04 full time equivalent posts are still vacant which equates to 13% of the budgeted establishment. Due to the large number of vacancies, recruitment expenses have risen to a total of £0.122m (a budget pressure of £0.075m) following the use of innovation such microsites to promote Rugby Borough Council as a place to work on top of targeted recruitment using partners such as WM Employers. In addition to this, jobs have had to be re-advertised on multiple occasions following the unsuccessful campaigns.

Corporate Items, Income and Reserve Transfers

Corporate Items, Income and Reserve Transfers

After taking into account both the portfolio pressures and the Corporate Savings the Council had an overall total saving of (£2.369m). However, this included pre-approved mitigation to support portfolio pressures;

1. (£0.772m) – COVID recovery fund to support the legacy impact of increased costs or reduced income
2. (£0.500m) –Corporate Inflation Budget, held centrally to mitigate the impact of inflation increases in 2022/23.
3. (£0.250m) –To help fund improvements to the security of the Town Hall and COVID-19 related adaptations that are required due to the return to the workplace.

There is a saving of (£0.738m) Net Cost of Borrowing (NCoB) due to delays in the delivery of the capital programme and reviewing the funding of the schemes in the programme.

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

	Revised Budget	Actual	Variance
	£000	£000	£000
Total Net Revenue Expenditure	16,946	16,507	(440)
Retained Business Rates	(9,263)	(11,048)	(1,784)
Council Tax	(9,127)	(9,127)	0
New Homes Bonus Grant	(1,934)	(1,934)	0
Other Grants	(556)	(875)	(319)
Total Corporate Income	(20,880)	(22,983)	(2,104)
Carry forward from 2021/22	(1,182)	(1,182)	0
Carry forward to 2022/23	0	168	168
Contribution to Earmarked Reserves	1,354	1,451	97
Contribution to/from Budget Stability Reserve	(193)	(193)	0
Contribution to/from Business Rates Equalisation Reserve	3,954	5,737	1,783
Total Transfers to/from Corporate Reserves and Balances	3,933	5,981	2,048
Net position	0	(496)	(496)

Reserves Balances and Future Strategy

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

Plans show that over the medium term the Council is achieving levels of reserves and a general fund balance which continues to meet the risks identified in the financial planning environment. The contributions made to reserves in the past have enabled the Council to establish a level of reserves which;

- recognise the risks of service needs increasing in response to demographic growth or wider economic pressures
- recognise the potential loss of funding from forthcoming changes
- allow for emergency situations and legal challenges which the Council may face

The risk assessment completed for reserve usage identifies that the known risks are mitigated with the current balances of reserves. However analysis takes place on a quarterly basis to assess this.

Below is a summary of the reserve usage during 2022/23

Name of Reserve / Balance	Balance 1 April 2022 £000	Actual Contributions (To)/From £000	Balance 31 March 2023 £000
Earmarked Reserves	(5,074)	1,249	(3,825)
Corporate Reserves			
General Fund Balances	(2,250)	0	(2,250)
Business Rates Equalisation	(11,304)	(5,737)	(17,041)
Budget Stability	(3,064)	193	(2,871)
Climate Change	(500)	(500)	(1,000)
Transformation reserve	(400)	(948)	(1,348)
Subtotal Corporate Reserves	(17,518)	(6,992)	(24,510)
Grand Total	(22,592)	(5,743)	(28,335)

Earmarked reserves

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

Corporate Reserves

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

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

Further information on reserves can be found in note 34 of the statements.

Inflation risk

The ongoing impact of inflation could have a significant impact on the risk assessment, at the time of producing the 2023/24 budget, the national CPI figure was at 10.1% and although there was an expectation that this would stabilise, scale and speed of this was unknown.

To recognise the risk, built into 2023/24 budget is an inflation contingency of £0.330m which will be held centrally for any inflation costs in addition to what has been provided for. For subsequent years, £0.156m has been identified within the reserve risk assessment each year for increased gas and electricity costs in order to demonstrate the impact this could have on the general fund.

Collection Fund

Council Tax

The amount accounted for within the General Fund in 2022/23 is fixed to the budgeted amount of council tax billed during the year, not the actual cash collected. Any difference between the actual amount collected and the initial forecast will generate a surplus or deficit on the Collection Fund, to be met from or credited to future years' budgets.

For 2022/23 the actual cash position for council tax was an overall surplus of (£0.629m). This will be distributed between ourselves, Warwickshire County Council and The Office of the Police and Crime Commissioner for Warwickshire in the relevant shares, as detailed in the Collection Fund Statement Note 3. Our share of the surplus is (£0.069m) and this will be allocated to the General Fund in 2023/24.

Business Rates

The Council sets its business rates income budget on 31 January each year and it was anticipated that the Council would generate (£52.201m) net business rates income during 2022/23 with Rugby Borough Council retaining (£7.412m).

The outturn position is shown below.

	2022/23 Budget £000	2022/23 Outturn £000	Variance £000
Business Rates Income			
RBC share of BR Income @ 40% (as per the NNDR1 forecast)	(20,880)	(20,880)	0
Less Tariff	13,272	13,272	0
Gross Amount Retained	(7,608)	(7,608)	0
Section 31 Grants	(3,136)	(3,899)	(763)
Levy Payment	3,772	3,714	(58)
Net Retained Income	(6,972)	(7,793)	(821)
Coventry & Warks' BR Pool Income	(360)	(1,243)	(883)
Retained Disregarded Amounts	(80)	(126)	(46)
Business Rates Income	(7,412)	(9,162)	(1,750)
Year-end reconciliation adjustments	-	(33)	(33)
Total Business Rates Income	(7,412)	(9,195)	(1,783)

The 2022/23 budget surplus of (£1.783m) is due to:

- In accordance with legislation, the business rates income recorded in the General Fund is fixed to the statutory NNDR1 estimate, no matter how much business rates are actually billed or received.
- Due to the accounting requirements associated with grants income, the COVID-19 Additional Relief Fund relief (CARF) that has been fully funded by section 31 grants and received in 2021-22 has now realised
- The Council is a member of the Coventry & Warwickshire Business Rates Pool (the Pool). The pooling gain in 2022/23 was (£1.243m) which was higher than the budgeted amount of (£0.360m), due to the risk-based approach taken at budget setting.

The surplus has been transferred from the General Fund to the Business Rates Equalisation Reserve (BRER) to offset the actual cash variance on the Collection Fund that will be charged to the General Fund budget in 2023/24.

At year end there was an overall Collection Fund deficit of £2.280m. This arose because reduction in gross business rates due to temporary closure of the large business, slower than expected new business growth and increased level of reliefs that reduced net business rates payable.

The deficit will be distributed between ourselves, Warwickshire County Council and Central Government in the relevant shares, as detailed in the Collection Fund Statement Note 3. The Council's share of the deficit is £0.912m and this will be charged to the General Fund in 2023/24.

Housing Revenue Account (HRA)

The year-end position for 2022/23 on the HRA is per the table below.

	Revised Budget £000	Actual £000	Variance £000
Expenditure	12,801	13,730	929
Income	(17,296)	(17,230)	66
Net cost of HRA Services	(4,495)	(3,500)	995
Contributions to (+) / from (-) reserves	4,495	3,500	(995)
Surplus (-) / Deficit for year	0	0	0

The pressure on expenditure mainly relates to a 45% increase in the number of void properties that have required extensive repairs and increased utility costs.

Reserve Transfers and Balances

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

In summary, there was an in-year movement of (£4.401m) on HRA reserves and the overall balance held as at 31 March 2023 is (£27,916m) as follows;

Name of Reserve / Balance	Balance 1 April 2022 £000	Actual Contributions (To)/From £000	Balance 31 March 2023 £000
HRA Revenue Balances	(4,294)	209	(4,085)
HRA Capital Investment Balances	(15,014)	(2,422)	(17,436)
HRA Major Repairs Reserve	(3,805)	(1,256)	(5,061)
Housing Repairs Account	(93)	93	0
Sheltered Housing Rent Reserve	(309)	(49)	(358)
HRA Climate Change Reserve	0	(976)	(976)
Net cost of HRA Services	(23,515)	(4,401)	(27,916)

Capital

Capital expenditure is defined as expenditure on the purchase, improvement or enhancement of assets, the benefit of which impacts for longer than the year in which the expenditure is incurred. Capital expenditure for the year was £11.436m. The expenditure analysed by portfolio was:

Portfolio	Revised Budget	Actual	Year-end reprofiling	Variance
	£000s	£000s	£000s	£000s
Communities, Homes, Digital and Communications	2,419	1,366	828	(225)
Finance, Performance and Governance	52	23	29	0
Growth & Investment	346	124	191	(31)
Leisure and Wellbeing	2,092	1,033	1,093	34
Operation and Traded Services	6,248	3,094	3,145	(9)
Regulation and Safety	531	83	286	(162)
Total General Fund	11,688	5,723	5,572	(393)
HRA	45,719	5,713	38,106	(1,900)
Total	57,407	11,436	43,678	(2,293)

Capital Receipts and Capital Grants

At 31 March 2023, the Council also held (£17.506m) of capital receipts HRA: (£12.767m) General Fund: (£4.739m) and (£0.022m) capital grants and contributions that had not yet been applied for financing expenditure. In 2022/23, (£2.825m) of receipts (net of pooling payments) were raised from the sale of 25 HRA properties under Right-to-Buy.

Current Borrowing and Capital Resources

All of the borrowing disclosed in the balance sheet relates to the financing of capital expenditure incurred in 2022/23, earlier years, and for future years. The total currently stands at £83.3m (both short and long-term borrowing) as shown on the balance sheet.

Pension Fund

The Council's pension fund assets at 31 March 2023 are £6.5m, a decrease of £47.0m on the liability reported at 31 March 2022. One of the major reasons behind the change is the increase in the discount rate used in the assessment of future liabilities, the increase in the value of investments, and an assumed reduction in life expectancy.

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

Future Financial Outlook and Financial Resilience

Future Funding

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

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

It was confirmed in the Local Government Finance Settlement (LGFS) that there would be no baseline reset in 2022/23 (initially planned for 2019/20) and is unlikely to take place for two years. This means the Business Rates Retention Scheme effectively rolls forward unchanged until 2025/26. This provides some confidence that a continued benefit of retained growth of above the baseline will be available to be transferred into the Business Rates Equalisation Reserve.

As a high growth borough, being able to maintain another two years business rates growth is significant. The Medium-Term Financial Strategy adopted a continuation policy to transfer any above sustainable baseline growth to the business rates equalisation reserve. Not only does this provide more resilience from the expected cliff edge reduction when the reset takes place, it also provides resources to potentially implement one off plans to implement the Corporate Strategy Delivery Plan.

However, this uncertainty makes financial planning for future years extremely challenging, as even the smallest of changes to one of the many variables can result in very different outcomes.

2023/24 budget

The 2023/24 General Fund revenue balanced budget was delivered and approved on 22 February 2023 and totalled a net £20.636m. This is a decrease of £0.244m from 2022/23. Portfolio service expenditure increased by £2.536m from £16.145m to £18.501m. Significant expenditure items include £2.790m in relation to inflation and salary adjustments and service growth of £0.758m. To offset this, income and savings of £3.751m have been identified and through the completion of savings delivery plans the delivery will be RAG rated and through post-delivery reviews the impact of the items will be analysed by the Leadership Team.

In relation to the funding of the Council, significant items include.

£1.075m - 3% Funding Guarantee. This new feature ensures every authority has a 3% increase in government funding (this essentially measures the change in Core Spending Power excluding Band D). It will be funded from "a proportion of" NHB legacy payments and the current Lower Tier Services Grant.

£0.987m - New Homes Bonus (NHB) will continue in 2023/24 and will be paid on the same basis as in 2022/23. The legacy payments, which will end in 2022/23, will be used to fund the new 3% funding guarantee. NHB's future in 2024/25 is unclear: ministers have promised to issue a new consultation before the 2024/25 settlement.

£0.404m - a 2.99% increase in the Band D equivalent council tax, which is in line with the maximum permitted

Medium Term Financial Plan

The 2023-27 Medium Term Financial Plan (MTFP) presented to Council at council tax determination on 22 February 2023 is illustrated in the table below;

	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s
Base Budget	20,682	20,636	23,377	17,473
Growth Requirements	3,548	702	712	150
Other Corporate Adjustments	272	282	184	(17)
Savings and Income	(3,751)	(85)	(295)	0
Financial Management Adjustments	(115)	1,842	(6,505)	79
Revised Budget Requirement	20,636	23,377	17,473	17,685
Financed by;				
Government Funding	(2,463)	(1,324)	(249)	(224)
Council Tax	(9,530)	(9,812)	(10,300)	(10,696)
Collection Fund Surplus/Deficit CT	(70)	0	0	0
Business Rates including Damping	(8,573)	(10,483)	(3,480)	(3,557)
Total Funding Requirement	(20,636)	(21,619)	(14,029)	(14,477)
Savings/transformation required	0	1,758	3,444	3,208
Reported Feb 2022 (+=Deficit)	3,200	0	65	65
Diff	(3,200)	(1,758)	(3,509)	(3,273)

The shortfall of £1.758m in 2024/25 reflects the estimated significant items

- £0.987m reduction in the New Homes Bonus Grant as it is assumed the scheme will come to an end during 2023/24
- £0.452m increase in staffing costs due to increments and pay inflation
- £0.250m general inflation for goods and services

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

- SFA income across the MTFP is assumed to remain at an estimated level of (£2.900m) on reset from 2023/24. The Review of Relative Needs and Resources will be focussing on this area of funding for all authorities which presents a risk to the Council if the assessment of needs is reduced.
- Following the reset, it is assumed that there will be a significant reduction in the proportion of growth that the authority retains. With total growth dropping from (£5.837m) in 2023/24 to (£0.734m) in 2025/26.
- The Council continues to contribute to the BRER with business rates growth above the sustainable baseline.

Addressing the budget gaps

Whilst the Council cannot predict the outcome of both the fair funding and business rates baseline review, we are preparing for a significant reduction in business rates funding moving forward. The MTFP 2023/24 has highlighted the future risks to funding with Officers formulating budgetary plans to address all potential scenarios.

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

Financial Resilience Conclusion

A balanced draft General Fund revenue budget has been presented for 2023/24. However, due to the current challenging financial environment further savings and transformation still need to be identified in order to deliver a balanced budget across the medium term. The high level of uncertainty around retained business rates and the reset of the system presents a considerable risk to our finances from 2023/24 onwards. With the introduction of a new MTFs, we have set out how we are going to proactively tackle the challenges facing not just Rugby, but the sector as a whole.

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

Financial Statements

The Accounts set out our income and expenditure for the year and our financial position at 31 March 2023. It is comprised of core and supplementary statements, together with disclosure notes. The format and content of the Financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 which in turn is underpinned by International Financial Reporting Standards; A Glossary of key terms can be found at the end of this publication.

The Primary Financial statements

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

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

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

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

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

Notes to support the primary statements

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

Supplementary Statements

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

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

The Annual Governance Statement

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

Further Information

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

Email: contactcentre@rugby.gov.uk

Telephone: [\(01788\) 533533](tel:01788533533)

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

Statement of Responsibilities

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required:

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

Responsibilities of the Chief Officer – Finance and Performance

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

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

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

Certificate of the Chief Officer – Finance and Performance

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

Jon Illingworth CPFA
Chief Officer – Finance and Performance
Date: 28 September 2023

Approval of Statement of Accounts

In accordance with the Accounts and Audit Regulations 2015 I certify that the Statement of Accounts was approved by the Audit and Ethics Committee on 28 September 2023

John Eves
Vice Chairman of the Audit and Ethics Committee
Date: 28 September 2023

The Primary Financial Statements

Comprehensive Income and Expenditure Statement

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

2021/22 restated				Note	2022/23		
Gross Expenditure	Gross Income	Net Expenditure			Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000			£000	£000	£000
18,578	(15,568)	3,010	Communities and Homes		18,759	(15,245)	3,514
734	(558)	176	Digital and Communications		306	(146)	160
732	(123)	609	Executive Director's Office		483	(81)	402
1,515	(422)	1,093	Finance and Performance		7,329	(6,030)	1,299
3,191	(1,778)	1,413	Growth and Investment		3,434	(1,646)	1,788
18,870	(16,522)	2,348	Housing Revenue Account		17,531	(17,351)	180
2,338	(247)	2,091	Legal and Governance		2,467	(47)	2,420
5,726	(2,000)	3,726	Leisure and Wellbeing		6,485	(1,745)	4,740
7,845	(3,203)	4,642	Operations and Traded		8,430	(2,941)	5,489
3,323	(1,822)	1,501	Regulation and Safety		3,708	(2,015)	1,693
8,528	(76)	8,452	Corporate Items		147	(0)	147
71,380	(42,319)	29,061	Total Cost of Services	6	69,079	(47,247)	21,832
1,394	(1,387)	7	Other Operating Expenditure	9		415	415
3,518	(2,288)	1,230	Financing and Investment Income and Expenditure	10		1,730	1,730
13,272	(44,016)	(30,744)	Taxation and Non-specific Grant Income	11		(21,244)	(21,244)
89,564	(90,010)	(446)	(Surplus)/Deficit on Provision of Services				2,733
			Other Comprehensive Income and Expenditure				
		(9,974)	(Surplus)/Deficit on revaluation of Non-current assets				(1,707)
		(20,589)	Remeasurement of the net defined benefit liability/(asset)				(47,739)
		(30,563)	Total Other Comprehensive Income and Expenditure				(49,446)
		(31,009)	Total Comprehensive Income and Expenditure				(46,713)

Movement in Reserves

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the authority's reserves is broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The net increase/decrease line shows the statutory General Fund balance and Housing Revenue Account (HRA) balance movements in the year following those adjustments.

2022/23	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2022	(21,982)	(19,710)	(15,854)	(3,805)	(631)	(61,982)	(154,730)	(216,712)
Movement in Reserves during 2022/23								
Total Comprehensive Income and Expenditure	3,983	(1,249)				2,734	(49,446)	(46,712)
Adjustments between accounting basis and funding basis under regulations (note 7)	(9,813)	(2,180)	(1,652)	(1,000)	610	(14,035)	14,035	-
Other movements	(36)	256		(256)		(36)		(36)
(Increase)/Decrease in 2022/23	(5,866)	(3,173)	(1,652)	(1,256)	610	(11,337)	(35,411)	(46,748)
Balance at 31 March 2023	(27,848)	(22,883)	(17,506)	(5,061)	(21)	(73,319)	(190,141)	(263,460)

2021/22	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2021	(22,391)	(20,063)	(9,901)	(3,373)	(646)	(56,374)	(129,329)	(185,703)
Movement in Reserves during 2021/22								
Total Comprehensive Income and Expenditure	(4,414)	3,968				(446)	(30,563)	(31,009)
Adjustments between accounting basis and funding basis under regulations (Note 7)	4,823	(3,615)	(5,953)	(432)	15	(5,162)	5,162	-
(Increase)/Decrease in 2021/22	409	353	(5,953)	(432)	15	(5,608)	(25,401)	(31,009)
Balance at 31 March 2022	(21,982)	(19,710)	(15,854)	(3,805)	(631)	(61,982)	(154,730)	(216,712)

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes 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.

	Note	31 March 2023 £000	31 March 2022 £000
Property, Plant and Equipment	13	240,421	243,937
Heritage Assets	14	34,505	34,428
Investment Property	15	690	690
Intangible Assets	16	1,076	346
Long Term Investments	17	10,874	25,866
Long Term Advances	17	5,155	2,294
Long Term Debtors	18	166	114
Long Term Assets		292,887	307,675
Short Term Investments	17	54,535	53,869
Assets Held for Sale	16	76	468
Inventories		256	304
Short Term Debtors	18	19,874	10,921
Cash and Cash Equivalents	19	13,037	14,380
Current Assets		87,778	79,942
Short Term Borrowings	17	(449)	(7,758)
Short Term Creditors	20	(21,351)	(19,241)
Short Term Provisions	21	(255)	(237)
Current Liabilities		(22,055)	(27,236)
Long Term Provisions	21	(4,082)	(3,615)
Long Term Creditors		(661)	-
Long Term Borrowing	17	(83,376)	(83,409)
Pension Liabilities	34	0	(40,407)
Grant Receipts in Advance	8	(7,031)	(16,238)
Long Term Liabilities		(95,150)	(143,669)
Net Assets		263,460	216,712
Usable Reserves	22	(73,319)	(61,982)
Unusable Reserves	24	(190,141)	(154,730)
Total Reserves		(263,460)	(216,712)

Cash Flow Statement

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

	Note	2022/23	2021/22
		£000	£000
Net (Surplus) or deficit on the provision of services		(2,734)	446
Adjustment to net surplus or deficit on the provision of services for non-cash movements	25	14,153	24,959
Adjustments for items included in the net surplus or deficit for the provision of services that are investing and financing activities	25	(1,207)	(4,550)
Net cash flows from Operating activities		10,212	20,855
Investing activities	26	6,735	39,829
Financing activities	27	(18,290)	(54,846)
Net increase or (decrease) in cash and cash equivalents		(1,343)	5,838
Cash and Cash equivalents at the beginning of the reporting period		14,380	8,542
Cash and Cash equivalents at 31 March 2023	19	13,037	14,380

Notes to the Accounting Statements

1 General Principles

The statement of accounts summarises the authority's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. The authority is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015 which those Regulations require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

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

2 Accounting Standards issued, but have not yet been adopted

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

The standards introduced by the 2023/24 Code where disclosures are required in the 2022/23 Financial Statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

- a. IFRS 16 Leases (but only for those local authorities that have decided to voluntarily implement IFRS 16 in the 2023/24 year). Rugby Borough Council will not be implementing IFRS 16 for 2023/24.
- b. Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- c. Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- d. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

3 Critical judgements in applying accounting policies

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

Going Concern

Local Authorities are required by the Code of Practice on Local Authority Accounting 2022/23 to prepare their accounts on the going concern basis, that is that the functions of the Council will continue in operational existence for the foreseeable future, as a local authority can only be discontinued as a result of statutory prescription.

The Council faces significant cost pressures due to the current cost of living crisis and high rates of inflation, experienced for fuel, electricity and other supplies, plus the consequential increase in demand for its services.

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

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

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

Annually, the Council updates its Medium term financial plan to identify future financial challenges and to develop a strategy to address issues. The council has also been prudent in its establishment of reserves, which will help enable the Council to invest and achieve the savings plans.

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

Pension Liability

The Council's actuary has revalued the future liabilities owed by the Warwickshire Pension Fund on behalf of the Council, and matched this with the current fair value of assets held by the pension Fund on behalf of the Council. The resulted in a surplus (previous year's this has been a net deficit) of £6,571k. This surplus is not an asset that is available to the Council. the Council has assessed that there is no opportunity to get a reduction in future contributions or a refund from the fund. Under IFRIC 14, the accounting standard applicable to defined pension schemes, the Council has judged that there is no asset and the accounts therefore reflect a nil asset/liability.

4 Assumptions made about the future and other major sources of estimation uncertainty

The Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made considering historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Other land and buildings £28.079m Council Dwellings £198,871m	Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets. Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by approximately £4.6m for every year that useful lives had to be reduced. An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement
Financial instruments	The Council holds £4m (nominal) of units in both Property and Diversified Income Funds. The funds own retail, industrial, office, and other non-residential property holdings.	The value of Financial Instruments will be subject to review, so there may be changes to the values in the Balance Sheet in the future. Fair value gains and losses are recognised as they arrive in the Surplus/Deficit on the Provision of Services. The Council uses the statutory override introduced by MHCLG to transfer these gains/losses to the Financial Instruments Revaluation Reserve.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Provision for Business Rate Appeals £4.2m	The possible refund from a business rate appeal can vary depending on factors such as; the type of appeal and type of property, together with its geographical location and the probability of appeal success.	Estimates have been made for the provision for refunding ratepayers who may successfully appeal against the rateable value of their properties. This includes the current and previous financial years. The estimate is based on those ratepayers who have appealed. The total appeals provision as at 31 March 2023 is £105m, of which the Council's share is 40% (£4.2m). Should the success of appeals differ from the governments expectation by 1% the effect on the Council's net assets would be £0.04m
Pension liability £0m	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Local Government Pension Scheme, administered by Warwickshire County Council with expert advice about the assumptions to be applied. At 31 March 2023 the Council's share of the pension Fund liability is an asset, which means that, should the assumptions come to fruition as estimated, the Council would realise a cash surplus. However, as explained in note 3, the asset has been treated as having a nil value.	The effects on the net pension liability of changes in individual assumptions can be measured. For example, a 0.1% decrease in the discount rate assumption would result in a increase in the pension asset of £2.9 million. A sensitivity analysis upon other variables affecting the net pension liability is set out in Note 34 Defined benefit pension schemes.

5 Events after the Reporting Period

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

- Those that provide evidence of conditions that existed at 31 March 2023 – the Accounts are adjusted to reflect such events
- Those that are indicative of conditions that arose after the 31 March 2023 – the Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made of the nature of the event and their estimated financial effect.

No such events have been identified

6 Expenditure and Funding Analysis

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

	2022/23					Net Expenditure Chargeable to the General Fund £000
	Net Expenditure in the CIES £000	Adjustments between the Funding and Accounting Basis			Total Adjustments £000	
		Adjustments for Capital Purposes	Pensions Adjustments	Other Differences		
		£000	£000	£000		
Communities and Homes	3,514	(455)	(412)	16	(851)	2,663
Digital and Communications	160	(411)	(307)	6	(712)	(552)
Executive Director's Office	402	0	(181)	(1)	(182)	220
Finance and Performance	1,299	0	(327)	11	(316)	983
Growth and Investment	1,788	(9)	(267)	3	(273)	1,515
Housing Revenue Account	180	(6,538)	(590)	10	(7,118)	(6,938)
Legal and Governance	2,420	(1,700)	(284)	14	(1,970)	450
Leisure and Wellbeing	4,740	0	(178)	2	(176)	4,564
Operations and Traded	5,489	(748)	(846)	39	(1,555)	3,934
Regulation and Safety	1,693	(355)	(304)	14	(645)	1,048
Corporate Items	147	0	0	0	0	147
Cost of Services	21,832	(10,216)	(3,696)	114	(13,798)	8,034
Other income and expenditure	(19,099)	6,779	(972)	(3,781)	2,026	(17,073)
(Surplus) or Deficit	2,733	(3,437)	(4,668)	(3,667)	(11,772)	(9,039)

Opening General Fund Balances	(41,692)
Plus Surplus/(Deficit) on General Fund in Year	(9,039)
Closing General Fund Balances	(50,731)

	2021/22					Net Expenditure Chargeable to the General Fund £000
	Net Expenditure in the CIES £000	Adjustments between the Funding and Accounting Basis			Total Adjustments £000	
		Adjustments for Capital Purposes	Pensions Adjustments	Other Differences		
		£000	£000	£000		
Communities and Homes	3,010	(159)	(330)	15	(474)	2,536
Digital and Communications	178	(343)	(280)	5	(618)	(440)
Executive Director's Office	609	0	(168)	0	(168)	441
Finance and Performance	1,092	0	(181)	7	(174)	918
Growth and Investment	1,412	(19)	(637)	0	(656)	756
Housing Revenue Account	2,348	(8,500)	(425)	3	(8,922)	(6,574)
Legal and Governance	2,091	(1,602)	(138)	1	(1,739)	352
Leisure and Wellbeing	3,726	0	(212)	3	(209)	3,517
Operations and Traded	4,642	(913)	(577)	3	(1,487)	3,155
Regulation and Safety	1,501	(225)	(240)	10	(455)	1,046
Corporate Items	8,452	0	(433)	0	(433)	8,019
Cost of Services	29,061	(11,761)	(3,621)	47	(15,335)	13,726
Other income and expenditure	(29,507)	10,900	(1,149)	6,793	16,544	(12,963)
(Surplus) or Deficit	(446)	(861)	(4,770)	6,840	1,209	763

Opening General Fund Balances	(42,455)
Plus Surplus/(Deficit) on General Fund in Year	763
Closing General Fund Balances	(41,692)

7 Adjustments between Accounting Basis and Funding Basis under Regulations

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

General Fund Balance

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice.

The General Fund Balance therefore summarises the resource that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial years. The balance, however, is not available to be applied to funding HRA activities.

Housing Revenue Account

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

Major Repairs Reserve

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

2022/23	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied
	£000	£000	£000	£000	£000
Adjustments to Revenue Resources					
Adjustments by which income and expenditure included in the in comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
Pension costs (transferred to/from the Pensions Reserve)	(3,889)	(780)	-	-	-
Financial Instruments (transferred to/from the Financial Instruments Adjustments Account)	(1,176)	-	-	-	-
Council Tax and NDR (transfers to/from the Collection Fund)	(2,626)	-	-	-	-
Holiday Pay (transferred to/from the Accumulated Absences Reserve)	110	4	-	-	-
Reversal of entries included in the Surplus/Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(2,684)	(5,873)	(3,182)	-	-
Total Adjustments to Revenue Resources	(10,265)	(6,649)	(3,182)	0	0
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	2,810	-	(2,810)	-
Transfer of unattached capital receipts	39	-	-	(39)	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	222	-	-	(222)	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	1,413	-	-	-	-
Capital grants and contributions unapplied credited to the CIES	155	832	-	-	-
Use of Donated funds to finance capital exp	60	-	-	-	-
Total Adjustments between Revenue and Capital Resources	1,889	3,642	0	(3,071)	0
Adjustments to Capital Resources					
Application of capital grants to finance capital expenditure	(610)	-	-	-	610
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	-	1,419	-
Use of the Major Repairs Reserve to finance capital expenditure	-	-	2,183	-	-
Total Adjustments to Capital Resources	(610)	0	2,183	1,419	610
Total Adjustments	(8,986)	(3,007)	(1,000)	(1,652)	610

2021/22	General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000
Adjustments to Revenue Resources					
Adjustments by which income and expenditure included in the in comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
Pension costs (transferred to/from the Pensions Reserve)	(4,464)	(308)	-	-	-
Financial Instruments (transferred to/from the Financial Instruments Adjustments Account)	819	-	-	-	-
Council Tax and NDR (transfers to/from the Collection Fund)	5,975	-	-	-	-
Holiday Pay (transferred to/from the Accumulated Absences Reserve)	43	6	-	-	-
Reversal of entries included in the Surplus/Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(3,169)	(11,842)	(3,161)	-	15
Total Adjustments to Revenue Resources	(796)	(12,144)	(3,161)	0	15
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	4,489	2,937	-	(7,426)	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(493)	-	-	493	-
Posting of HRA resources from revenue to the Major Repairs Reserve	1,459	-	-	-	-
Provision for the repayment of debt (transfer from the Capital Adjustment Account)	164	2,365	-	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-	66	-	(66)	-
Other Adjustment	-	-	-	-	-
Total Adjustments between Revenue and Capital Resources	5,619	5,368	0	(6,999)	0
Adjustments to Capital Resources					
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	-	1,046	-
Use of the Major Repairs Reserve to finance capital expenditure	-	-	2,729	-	-
Application of capital grants to finance capital expenditure	-	3,161	(3,161)	-	-
Total Adjustments to Capital Resources	-	3,161	(432)	1,046	-
Total Adjustments	4,823	(3,615)	(432)	(5,953)	15

8 Expenditure and Income Analysis by Nature

	2022/23	2021/22
	£000	£000
Expenditure		
Employee benefits expenses	23,993	23,221
Other service expenses	33,975	34,873
Depreciation, amortisation, impairment	9,979	12,496
Interest payments	1,829	2,384
Net interest on the net defined benefit liability	1,173	1,134
Precepts and levies	940	901
Payments to housing capital receipts pool	0	493
REFCUS	1,147	789
Gain / Impairment of financial assets	1,176	0
Loss on the disposal of assets	0	(1,281)
Total expenditure	74,212	75,010
Income		
Fees, charges and other service income	(9,119)	(12,286)
HRA dwelling rents	(17,099)	(15,561)
Interest and investment income	(2,417)	(2,235)
Income from council tax, non-domestic rates	(13,629)	(13,170)
Government grants and contributions	(28,639)	(32,045)
Gain on disposal of assets	(275)	(106)
Pooling Fund refund	(222)	0
Other income	(79)	(53)
Total income	(71,479)	(75,456)
(Surplus)/Deficit on the Provision of Services	2,733	(446)

9 Other Operating Expenditure

Other Operating Expenditure	2022/23	2021/22
	£000	£000
Parish Council Precepts	940	901
Payments to the Government housing capital receipts pool	(222)	493
Other Income - Unattached Receipts	(28)	(106)
(Gains)/Losses on the disposal of non-current assets	(275)	(1,281)
Total	415	7

10 Financing and Investment Income and Expenditure

Financing and Investment Income and Expenditure	2022/23 £000	2021/22 £000
Interest Payable and similar charges	1,829	2,384
Net interest on the net defined benefit liability	1,173	1,134
Interest Receivable and similar income	(2,397)	(1,417)
Income and expenditure in relation to investment properties and changes in their fair value	(51)	(52)
(Gains)/Impairment of financial assets	1,176	(819)
Total	1,730	1,230

11 Taxation and Non-Specific Grant Income and Expenditure

Taxation and Non-Specific Grant Income	2022/23 £000	2021/22 £000
Council Tax Income	(9121)	(8,740)
Retained Business Rates	(17,780)	(17,703)
Business Rates Tariff Payment	13,272	13,273
Non-ring-fenced Government grants	(6,728)	(14,718)
Capital grants and contributions	(887)	(2,856)
Total	(21,244)	(30,744)

12 Grant Income

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

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

Monies advanced as grants or contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line or Taxation and Non-Specific Grant line in the Comprehensive Income 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 it has been applied to finance capital expenditure, it is posted to the Capital Adjustment Account. Where the grant has yet to be applied, it is posted to the Capital Grant Unapplied reserve. Amounts in the Capital Grant Unapplied reserve are subsequently transferred to the Capital Adjustment Account once they have been used to fund capital expenditure.

Total Grants Credited to Taxation and Non-Specific Grant Income	2022/23	2021/22
	£000	£000
New Homes Bonus	(1,934)	(1,780)
Business Rates Section 31 Grants	(3,919)	(3,872)
Other Non-Specific Revenue Grants	(875)	(1,120)
COVID-19 Non-Specific Revenue Grants	0	(7,945)
Revenue Grants	(6,728)	(14,717)
Capital Grants Non-Conditional	(56)	(2,046)
Capital Section 106 Funding Non-Conditional	0	0
Capital Grants Conditional	(389)	(337)
Capital Section 106 Funding Conditional	(441)	(474)
Capital Grants	(886)	(2,857)
Total	(7,614)	(17,574)

Grants included as income in the Net Cost of Services	2022/23	2021/22
	£000	£000
Credited to Services		
Department for Work and Pensions (DWP) - Housing Benefits Subsidy	(12,209)	(12,518)
Council tax energy rebate	(5,748)	0
Other DWP grants	(112)	(504)
Donations	(60)	0
MHCLG grants	(460)	(283)
Section 106 Contributions	(338)	(172)
Covid grants	0	(99)
Other Revenue Grants & Section 106 Funding	(1,247)	(1,378)
Revenue Grants and Contributions	(20,174)	(14,954)
MHCLG - Disabled Facilities Grant	(910)	(717)
Section 106 & Other Capital Conditional and Non-Conditional Funding	0	(18)
Capital Grants and Contributions	(910)	(735)
Total Grants Credited to Services	(21,084)	(15,689)

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

	2022/23	2021/22
	£000	£000
Revenue Section 106 Funding	(5,405)	(3,204)
Amounts Held for Specific Reasons	0	(48)
Council tax rebate	(50)	(5,632)
Covid 19 Additional relief grant	0	(2,908)
Restart grant	(741)	(741)
Other Revenue grants	(610)	(1,089)
Revenue Receipts Held in Advance	(6,806)	(13,622)
Capital Section 106 funding	0	(2,411)
Other Capital grants	(194)	(205)
Capital Receipts Held in Advance	(194)	(2,616)
Total Receipts Held in Advance	(7,000)	(16,238)

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

	31 March 2022	Income	Expenditure	31 March 2023
Grants received where the Council acts as an Agent	£000	£000	£000	£000
Dept of Business, Energy and Industrial Strategy - Creditor	(669)	(25)	0	(694)
Test and Trace Support Scheme	36	(40)	4	0
England Sports Council	0	(14)	13	(1)
Total	(633)	(79)	17	(695)

13 Property, Plant and Equipment

2022/23	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Non-Operational Assets	Assets under Construction	Total
Cost or Valuation	000	000	000	000	000	000	000	000
At 1 April 2022	204,225	30,771	15,455	7,526	915	3,897	1,370	264,159
Additions	5,285	182	872	449	0	0	379	7,167
Donations					60			60
Derecognition - disposals	(1,351)	0	(1,379)	0	(20)	(16)	0	(2,766)
Derecognition - componentisation	(827)	0	0	0	0	0	0	(827)
Reclassification	0	0	19	0	0	0	(1,039)	(1,020)
Revaluation Increases recognised in the Revaluation Reserve	1,750	(131)	0	0	0	(125)	0	1,494
Revaluation decreases recognised in the Provision of Services	(5,432)	(1,484)	0	0	0	(216)	0	(7,132)
Other movements in cost or valuation	(17)	0	(645)	(5)	0	0	0	(667)
At 31 March 2023	203,633	29,338	14,322	7,970	955	3,540	710	260,468
Depreciation and impairment								-
At 1 April 2022	(6,305)	(998)	(10,032)	(2,837)	(20)	(30)	0	(20,222)
Charge for 2022/23	(3,037)	(550)	(1,119)	(352)	0	(4)	0	(5,062)
Derecognition - disposals	55	0	1,352	0	20	16	0	1,443
Impairment losses recognised in the revaluation reserve		(121)						(121)
Reclassification	0	0	0	0	0	0	0	0
Depreciation written out to the Provision of Services due to revaluation	2,828	846	0	0	0	14	0	3,688
Impairment losses/(reversals) recognised in the Surplus or Deficit on the Provision of Services	0	(438)			0	0	0	(438)
Other movements in cost or valuation	17		645	5	0	0	0	667
At 31 March 2023	(6,442)	(1,261)	(9,154)	(3,184)	0	(4)	0	(20,045)
Balance Sheet at 31 March 2023	197,191	28,077	5,168	4,786	955	3,536	710	240,423

2021/22	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Non-Operational Assets	Assets under Construction	Total
Cost or Valuation	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2021	205,382	31,782	14,423	7,149	915	3,897	3,628	267,176
Additions	4,963	590	1,150	811	-	-	739	8,253
Derecognition - disposals	(1,498)	(4)	(212)	(481)	-	-	-	(2,195)
Derecognition - componentisation	(997)	-	-	-	-	-	-	(997)
Reclassification	2,405	(44)	94	47	0	0	(2,997)	(495)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	3,312	(154)	-	-	-	-	-	3,158
Revaluation increases/(decreases) recognised in the Surplus or Deficit on the Provision of Services	(7,573)	(1,399)	-	-	-	-	-	(8,972)
Other movements in cost or valuation	(1,769)	-	-	-	-	-	-	(1,769)
At 31 March 2022	204,225	30,771	15,455	7,526	915	3,897	1,370	264,159
Depreciation and impairment								
At 1 April 2021	(7,970)	(1,228)	(9,021)	(2,841)	(20)	(25)	-	(21,105)
Charge for 2021/22	(2,994)	(560)	(1,210)	(478)	-	(5)	0	(5,247)
Derecognition - disposals	36	-	199	482	-	-	0	717
Reclassification	6	-	-	-	-	-	-	6
Depreciation written out to the Surplus or Deficit on the Provision of Services due to revaluation	2,848	790	-	-	-	-	-	3,638
Impairment losses/(reversals) recognised in the Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	0
Other movements	1,769	-	-	-	-	-	-	1,769
At 31 March 2022	(6,305)	(998)	(10,032)	(2,837)	(20)	(30)	0	(20,222)
Balance Sheet at 31 March 2022	197,920	29,773	5,423	4,689	895	3,867	1,370	243,937

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

	Council dwellings	Other land and buildings	Surplus Non-Operational assets	Investment Non-Operational assets	Assets held for sale	Total non-current assets carried at current value	Assets carried at other value	Total Valuation (All Assets)
	£000	£000	£000	£000	£000	£000	£000	£000
Valued at historical cost	0	12		0	0	12	11,541	11,553
Valued at current cost in:								
2022/23	195,560	27,789	3,536	690		227,575		227,575
2021/22					76	76		76
2020/21	941	278				1,219		1,219
2019/20						0		0
2018/19						0		0
Total	196,501	28,079	3,536	690	76	228,882	11,541	240,423

14 Heritage Assets

	Art and Social History Collections	Monuments and Statues	Historic Sites/Buildings	Civic Regalia	Intangible	Total Assets
	000s	000s	000s	000s	000s	000s
Cost or Valuation						
At 1st April 2022	5,344	685	28,232	215	15	34,491
Additions	0	167	54	0	0	222
Transfers	0	29	109	0	0	138
Disposal	0	0	(17)	(2)	0	(19)
Revaluations	577	(310)	0	0	0	267
At 31st March 2023	5,921	571	28,379	213	15	35,099
Depreciation						
At 1st April 2022	(48)	0	0	0	(15)	(63)
Revaluations	0	0	0	0	15	15
Charge for year	(530)	(10)	(2)	0	(4)	(546)
At 31st March 2023	(578)	(10)	(2)	0	(4)	(594)
Net book value at 31st March 2023	5,343	561	28,377	213	11	34,505

Revaluations of Heritage Assets

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

Historic sites, principally the Great Central Walk bridges, are assessed for insurance purposes by council engineers based on re-instatement costs, A further revaluation of the bridges was undertaken in 2021/22.

Art Collections

The Council's collections of artwork is reported in the Balance Sheet at insurance valuation which is based on market values. The Rugby Art Collection was revalued by Michael Mays Consultancy in 2022/23. The collections include the following items:

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

15 Investment Properties

	2022/23 £000	2021/22 £000
Balance at 1 April	690	690
Additions	0	0
Net gains/(losses) from fair value adjustments	0	0
Derecognition - disposals	0	0
Balance at 31 March	690	690

16 Intangible assets

	2022/23 £000	2021/22 £000
Balance at 1 April	346	274
Additions	267	170
Amortisation	(420)	(191)
Transfer From	883	93
Balance at 31 March	1,076	346

17 Assets Held for Sale

	2022/23	2021/22
	£000	£000
Balance at 1 April	468	3,701
Revaluation gains/(losses)	-	-
Assets unsold transferred back to PPE	-	(72)
Assets Sold	(392)	(3,629)
Assets transferred from PPE	-	468
Reclassification	-	-
Balance at 31 March	76	468

18 Financial Instruments

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

	31 March 2023		31 March 2022	
	Long Term	Short Term	Long Term	Short Term
	£000	£000	£000	£000
Financial Assets				
At Amortised Cost	10,118	48,544	25,771	46,705
At Fair Value through Profit and Loss	95	5,991	95	7,164
Total Investments	10,213	54,535	25,866	53,869
Loans and Receivables	5,126	-	2,266	-
Cash and Cash Equivalents	-	-	-	-
At Amortised Cost	-	13,037	-	14,380
Total Cash and Cash Equivalents	-	13,037	-	14,380
Trade Receivables	-	2,262	-	2,077
Included in Short term debtors	-	2,262	-	2,077
Total Financial Assets	15,339	69,834	28,132	70,326
Financial Liabilities				
Loans at Amortised Cost	(83,300)	(449)	(83,300)	(7,758)
Finance Lease	(60)	(22)	(81)	(28)
Short term creditors	-	(2,350)	-	(3,570)
Total Financial Liabilities	(83,360)	(2,821)	(83,381)	(11,356)

Income, Expense, Gains and Losses

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

	2022/23			2021/22		
	Financial Liabilities Measured at Amortised Cost	Financial Assets Measured at Amortised Cost	Financial Assets Measured at Fair Value through Profit and Loss	Financial Liabilities Measured at Amortised Cost	Financial Assets Measured at Amortised Cost	Financial Assets Measured at Fair Value through Profit and Loss
	£000	£000	£000	£000	£000	£000
Interest Expense	(1,829)	-	-	(2,384)	-	-
Net loss on financial assets at fair value through profit and loss	-	-	(1,176)	-	-	-
Total Expense in Surplus/Deficit on the Provision of Services	(1,829)	-	(1,176)	(2,384)	-	-
Net gain on financial assets at fair value through profit and loss	-	-	-	-	-	819
Interest Income	-	1,623	522	-	1,063	227
Total Income in Surplus/Deficit on the Provision of Services	-	1,623	522	-	1,063	1,046
Gains on revaluation	-	-	1,176	-	-	(819)
Net Gain/(Loss) for the year	(1,829)	1,623	522	(2,384)	1,063	227

Fair Values of Assets and Liabilities

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

Recurring Fair Value Measurements	Input Level in Fair Value Hierarchy	Valuation technique used to measure fair value	31 March 2023 Fair Value	31 March 2022 Fair Value
			£000	£000
Fair value through profit and loss – CCLA Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	2,296	2,748
Fair value through profit and loss – CCLA Diversified Income Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	1,869	2,052
Fair value through profit and loss – Lothbury Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	1,826	2,364
Fair value through profit and loss	Level 3	Unobservable inputs for asset / liability	95	95
			6,086	7,259

There were no transfers between input levels during the financial year 2022/23. There has been no change in valuation technique used during the year for financial instruments.

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

	31 March 2023		31 March 2022	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial Assets held at amortised cost				
Corporate, Covered and Government Bonds	-	-	3,012	3,001
Long Term Investments	10,119	9,649	25,866	25,747
	10,119	9,649	28,878	28,748
Assets for which Fair Value is not disclosed				
Long Term Debtors	5,188	-	2,315	-
Short Term Investments	48,544	-	43,693	-
Cash and Cash Equivalents	13,037	-	14,380	-
Short term debtors	2,263	-	2,077	-
Sub-total	69,032	-	62,465	-
Total Financial Assets	79,151	9,649	91,343	28,748
Financial Liabilities at amortised cost				
Borrowing	-	-	-	-
Public Works Loans Board	(69,892)	(30,331)	(77,201)	(59,185)
Other	(13,857)	(11,460)	(13,856)	(18,104)
Total Borrowing	(83,749)	(41,791)	(91,057)	(77,289)
Finance Lease	(79)	(79)	(109)	(102)
Short term creditors	(2,351)	(2,351)	(3,038)	(3,038)
Total Financial Liabilities	(86,179)	(44,221)	(94,204)	(80,429)

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

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

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

The fair values are calculated as follows:

The fair value of the liabilities is lower than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans at a lower rate than was available for similar loans in the market at the balance sheet date. This shows a notional future gain (based on economic conditions at 31 March 2023) arising from a commitment to pay interest to lenders below current market rates.

The fair value of PWLB loans of £30.331m compares the terms of these loans with the new borrowing rates available from the PWLB. However, if the Council were to seek to repay these loans early The Council would benefit from a discount, based on redemption interest rates for premature repayment of £31.806m. The exit price for the PWLB loans including the discount would be £38.086m.

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

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

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

19 Cash and Cash Equivalents

	31 March 2023	31 March 2022
	£000	£000
Cash held by the Council	22	23
Bank current accounts	7,976	8,852
Call Accounts	5,039	5,505
	13,037	14,380

20 Debtors

	31 March 2023	31 March 2022
	£000	£000
Amounts due within one year		
Central Government Bodies	1,478	839
Other local authorities (inc. Police)	13,406	5,586
Homelessness	130	29
Rent payers	1,126	791
Council taxpayers	1,024	765
Non-domestic rate payers	411	359
Housing Benefit overpayments	681	741
Other entities and individuals	1,618	1,811
	19,874	10,921
Amounts due in more than one year		
Employee vehicle loans	62	49
Work in default	104	65
	166	114
Total	20,040	11,035

21 Creditors

	31 March 2023	31 March 2022
	£000	£000
Amounts due within one year		
HM Revenue and Customs	346	392
Central Government Bodies	13,548	10,575
Other local authorities (inc. Police)	4,208	4,498
Rent payers	379	355
Council taxpayers	140	116
Other entities and individuals	2,729	3,304
Total	21,350	19,240
Amounts due in more than one year		
Funds held on behalf of third parties	661	0
	661	0
Total	22,011	19,240

22 Provisions

	2022/23			2021/22
	Business Rates Appeals £000	Other £000	Total £000	Total £000
Short-Term Provisions				
Balance at 1 April 2022	(114)	(124)	(238)	(674)
Additional Provision made in year	(115)	(35)	(150)	(663)
Amounts used in year	116	-	116	664
Transfer between Long Term and Short Term	17	-	17	435
Unused amounts reversed in year	-	-	-	-
Other Movements	-	-	-	-
Balance of Short-Term Provisions at 31 March 2023	(96)	(159)	(255)	(238)
Long Term Provisions				
Balance at 1 April 2022	(3,615)	-	(3,615)	(2,698)
Additional Provision made in year	(1,185)	-	(1,185)	(1,270)
Amounts used in year	735	-	735	788
Transfer between Long Term and Short Term	(17)	-	(17)	(435)
Unused amounts reversed in year	-	-	-	-
Other Movements	-	-	-	-
Balance of Long-Term Provisions at 31 March 2023	(4,082)	-	(4,082)	(3,615)
Total Provision	(4,178)	(159)	(4,337)	(3,853)

Provision for Business Rate Appeals

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

23 Usable reserves

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

	31 March 2023 £000	31 March 2022 £000
General fund balance	(2,250)	(2,250)
General Fund Earmarked reserves	(25,625)	(19,732)
Housing revenue Account	(4,085)	(4,295)
Housing revenue account Earmarked reserves	(18,770)	(15,415)
Housing revenue Account – Major repairs allowance	(5,061)	(3,805)
Usable capital Receipts reserve	(17,506)	(15,854)
Unapplied capital grants reserve	(22)	(631)
Total usable reserves	(74,319)	(61,982)

24 Movements in Earmarked Reserves

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

	31 March 2021 £000	Movement 2021/22 £000	31 March 2022 £000	Movement 2022/23 £000	31 March 2023 £000
General Fund					
Budget Stability Reserve	(3,048)	(450)	(3,498)	654	(2,844)
Business Rates Equalisation Reserve	(12,349)	1,045	(11,304)	(5,737)	(17,041)
Business Support Grants Reserve	0	0	0	(200)	(200)
Carry forward Reserve	(585)	(597)	(1,182)	1,014	(168)
Emergency climate reserve	(500)	0	(500)	(500)	(1,000)
Energy Efficiency Investment Fund	(76)	(15)	(91)	(31)	(122)
Hall of Fame Licence Reserve	(180)	129	(51)	51	0
Revenue Grants & Contributions from Third Parties	(613)	220	(393)	188	(205)
Section 106 (Developer) Contributions - Revenue	(980)	(517)	(1,497)	(440)	(1,937)
Town Centre Improvement Reserve	(192)	30	(162)	40	(122)
Transformation Fund	(500)	100	(400)	(948)	(1,348)
Waste reserve	(48)	(87)	(135)	29	(106)
Welfare Support Reserve	(560)	136	(424)	12	(412)
Other smaller reserves e.g. plant & equipment reserves	(511)	417	(94)	(26)	(120)
Total General Fund Earmarked Reserves	(20,142)	411	(19,731)	(5,894)	(25,625)
HRA					
HRA - Climate Change Reserve	0	0	0	(976)	(976)
Housing Repairs Account	(316)	223	(93)	93	0
Housing Revenue Account Capital Balances	(14,402)	(611)	(15,013)	(2,422)	(17,435)
Sheltered Accommodation	(260)	(49)	(309)	(49)	(358)
Total HRA Earmarked Reserves	(14,978)	(437)	(15,415)	(3,354)	(18,769)
Total Earmarked reserves	(35,120)	(26)	(35,146)	(9,248)	(44,394)

Budget Stability Reserve

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

Business Rates Equalisation Reserve

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

Emergency climate Reserve

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

Transformation Fund Reserve

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

Section 106 Developer Contributions

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

Revenue Grants and Contributions from 3rd Parties

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

Welfare Support Reserve

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

Town Centre Improvement Fund

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

Carry Forward Reserve

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

Other Smaller Reserves

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

Housing Repairs Account and HRA Capital Investment Balances

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

25 Unusable Reserves

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

	31 March 2023 £000	31 March 2022 £000
Housing Act - Deferred Capital Receipt	(29)	(29)
Donated asset reserve	(60)	-
Revaluation Reserve	(69,584)	(69,368)
Capital Adjustment Account	(121,664)	(125,911)
Financial Instruments Revaluation Reserve	53	(1,123)
Pension Reserve	0	43,070
Collection Fund Adjustment Account	798	(1,829)
Accumulated Absences Account	345	460
	(190,141)	(154,730)

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

Revaluation Reserve

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

	2022/23		2021/22	
	General Fund £000	HRA £000	Total £000	Total £000
Opening Balance	(39,297)	(30,071)	(69,368)	(62,856)
Upward Revaluation of assets	(808)	(1,784)	(2,592)	(12,954)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	653	232	885	3,490
Surplus on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	(39,452)	(31,623)	(71,075)	(72,320)
Difference between fair value depreciation and historical cost depreciation	626	520	1,146	966
Accumulated gains on assets sold or scrapped	2	343	345	1,986
Balance as at 31 March	(38,824)	(30,760)	(69,584)	(69,368)

Capital Adjustment Account

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

	2022/23 £000	2021/22 £000
Opening Balance	(125,911)	(129,680)
Reversal of Items relating to Capital Expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
General Fund charges for depreciation of non-current assets	2,445	2,514
HRA charges for depreciation of non-current assets	3,182	3,158
Revaluation and impairment loss: Property, Plant and Equipment	3,932	5,334
Amortisation of Intangible Assets	420	191
Changes in the Fair Value of Financial Instruments	0	0
Revenue Expenditure funded from Capital under Statute	1,147	790
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	2,544	6,104
	13,670	18,091
Adjusting Amounts written out of the Revaluation Reserve	(1,491)	(2,952)
Net written out amount of the cost of non-current assets consumed in the year	(113,732)	(114,541)
Capital financing applied in the year		
Use of the Capital Receipts Reserve to finance new capital expenditure	(1,419)	(1,046)
Capital expenditure charged against the General Fund and HRA balances	(988)	(2,529)
Use of the Major Repairs Reserve to finance new capital expenditure	(2,183)	(2,729)
Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,930)	(3,606)
Provision for the financing of capital investment charged against the General Fund and HRA	(1,412)	(1,460)
	(7,932)	(11,370)
	(121,664)	(125,911)

Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits become payable.

	31 March 2023 £000	31 March 2022 £000
Balance at 1 April	43,070	58,888
Remeasurement of the net defined benefit liability	(54,310)	(20,590)
Reversal of items relating to retirement benefits included in the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	4,669	7,668
Employer's pensions contributions and direct payments to retiree's payable in the year	0	(2,896)
IFRIC 14 adjustment, to reduce the asset ceiling	6,571	0
Balance as at 31 March	0	43,070

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the difference arising from the recognition of Council Tax and Business Rates income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax and Business Rates payers compared with the statutory arrangements for paying across amounts to the General Fund.

	31 March 2023 £000	31 March 2022 £000
Balance at 1 April	(1,829)	4,146
Difference between Council Tax and Business Rates income is accounted for in the Comprehensive Income and Expenditure Statements and the Collection Fund.	2,627	(5,975)
Balance as at 31 March	798	(1,829)

Accumulated Absences Account

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

	2022/23 £000	2021/22 £000
Balance at 1 April	460	509
Settlement or cancellation of accrual made at the end of the preceding year	(460)	(509)
Amounts accrued at the end of the current year	346	460
Balance as at 31 March	346	460

26 Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

	2022/23 £000	2021/22 £000
Interest received	2,398	1,440
Interest paid	(1,829)	(2,384)

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

	2022/23 £000	2021/22 £000
Depreciation/Impairment charge	5,609	5,254
Amortisation of Intangible Assets	420	191
Revaluation of Non-Current Assets	3,934	6,260
Derecognition of Non-Current Assets	2,561	6,176
(Increase)/Decrease in Debtors	(9,005)	1,759
Increase/(Decrease) in Creditors	2,770	(2,437)
(Increase)/Decrease in Inventories	47	(148)
Increase/(Decrease) in Provisions	485	482
Movement in Pension Liability	7,332	7,422
Total non-cash movements	14,153	24,959

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

	2022/23 £000	2021/22 £000
Capital Grants	(886)	(2,856)
Proceeds from the Sale of Properties	(2,948)	(7,426)
Council Tax and NNDR Adjustments	2,627	5,975
	(1,207)	(4,307)

27 Cash Flow Statement – Investing Activities

	2022/23 £000	2021/22 £000
Purchase of property, plant and equipment, investment property and intangible assets	(7,656)	(8,423)
Purchase/Proceeds of short-term and long-term investments	11,465	40,647
Net payments/receipts for other investing activities	17	250
Other investing activity	60	(71)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,849	7,426
Net cash flows from investing activities	6,735	39,829

28 Cash Flow Statement – Financing Activities

	2022/23 £000	2021/22 £000
Other receipts from financing activities	886	2,856
Capital grants received	(9,207)	10,614
Cash receipts/repayments of short-term and long-term borrowing	(7,342)	(62,584)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	0	0
Other payments for financing activities	(2,627)	(5,975)
	(18,290)	(55,089)

29 Councillors Allowances

	2022/23 £000	2021/22 £000
Allowances	392	371
Employers' National Insurance	8	7
Expenses	2	1
Total	402	379

30 Officers' Remuneration

Benefits payable during employment

The remuneration of the Council's senior employees is as follows:

2022/23	Salary, Fees & Allowances	Expenses Allowances	Compensation for Loss of Office	Pension Contributions	Total
Post Holder	£	£	£	£	£
Executive Director	109,925	-	-	21,655	131,580
Deputy Executive Director	91,615	132	-	18,048	109,795
Chief Officer Finance & Performance	70,978	-	-	13,983	84,961
Chief Officer Leisure & Wellbeing	62,825	-	-	12,377	75,202
Chief Officer Growth & Investment	65,152	90	-	12,835	78,077
Chief Officer Legal & Governance	70,978	-	-	13,983	84,961
Chief Officer Communities & Homes	62,831	-	-	12,400	75,231
Chief Officer Regulation & Safety	62,825	-	-	12,377	75,202
Chief Officer Operations & Traded	51,482	-	-	10,142	61,624
Chief Officer Digital and Communications	62,825	116	-	12,377	75,318

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

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

Remuneration Band	2022/23	2021/22
	Number of employees	Number of employees
£50,000 - £54,999	3	4
£60,000 - £64,999	1	1

Exit Packages

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

Rugby Borough Council terminated the contracts of 8 employees in 2022/23 (4 in 2021/22), incurring liabilities of £0.102m (£0.026m in 2020/21). The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table following:

Exit package cost bands (including special payments)	Number of compulsory redundancies		Number of agreed other departures		Total number of exit packages by cost band		Total cost of exit packages in each cost band	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
							£	£
£0 - £20,000	2	2	3	2	5	4	27,335	25,722
£20,001- £40,000	2	0	1	0	3	0	74,841	0
Total	4	2	4	2	8	4	102,176	25,722

31 Audit Fees

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

	2022/23 £000	2021/22 £000
Fees payable for external audit services	50	64
Additional fees payable for external audit services in relation to previous years	7	11
Fees payable for the certification of grant claims and returns	26	20
Additional fees payable for the certification of grant claims and returns in relation to previous years	0	10
Public Sector Audit Appointments Refund	0	(22)
Redmond review grant from DLUHC	(22)	0
Fees payable in respect of other services provided by the auditor	6	6
Total	67	89

32 Related Party Transactions

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

Central Government

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

Councillors and Chief Officers

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

Declarations are made under section 81 of the Local Government Act 2000 and the Local Authorities (Model Code of Conduct) (England) Order 2001. The following sources make up the Council's core elements for managing the risk of Fraud, Bribery and Corruption and are:

- **The Register of Councillors' Interests** – maintained in accordance with the Local Authorities (Members' Interests) Regulations 1992 (Statutory Instrument 1992/618);
- **Disclosure of direct or indirect pecuniary interests** - as defined by the Council's Code of Conduct for Councillors; and
- **The Staff Register of Interests** – maintained in accordance with the Council's Constitution and Anti-Fraud, Bribery and Corruption Strategy.

Senior council officers remuneration paid during 2022/23 is set out in Note 29 and Councillors allowances are stated in Note 28.

Other Public Bodies (subject to control by Central Government)

Based on a review of transactions made by the Council in 2022/23 the following transactions were made to or received from other public bodies.

- Nuneaton and Bedworth Borough Council paid £0.056m to Rugby Borough Council to meet the shared IT officer salary costs to provide Civica APP Support and Development.

Shared Service Arrangements

The council has the following shared service arrangements. There were no material interactions in 2022/23.

- Rainsbrook Crematorium
- Shared Building Control Service
- Local Authority Emergency Planning Officer Scheme

Entities Controlled or Significantly Influenced by the Authority

The Council provided financial assistance to certain voluntary and outside bodies during 2022/23; these are mainly local Government associations or local groups that the Council supports with grant aid and advice.

Rugby First Ltd - BID Division - An amount of £0.864m was paid to the BID Company in 2022/23 of which £0.582m related to the collection of BID levy income £0.268m is used to provide a CCTV Monitoring and Town Centre Management Service and £0.014m for contributions to the BikeFest and Christmas lights

Queen’s Diamond Jubilee Centre - Rugby Borough Council funded £0.277m in capital charges in 2022/23 and received £0.358m for the annual contract fee and profit share as per the contract agreement.

Other significant related parties

Sherbourne recycling – Sherbourne Recycling was established in 2021 to develop and operate a new state of the art materials recycling facility in Coventry on behalf of eight local authorities (Coventry City Council, North Warwickshire Borough Council, Nuneaton and Bedworth Borough Council, Rugby Borough Council, Stratford-on-Avon District Council, Solihull Metropolitan Borough Council, Walsall Council and Warwick District Council). In 2021/22 The council purchased shares £0.1m and has made further loanadvances of £2.3m in 2022/23.

33 Capital Expenditure and Financing

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

Capital commitments

At 31 March 2023, the Council had capital commitments of £Nil (31 March 2022: £Nil)

Capital Financing Requirement (CFR)

	2022/23	2021/22
	£000	£000
Opening Capital Financing Requirement	86,879	86,744
Capital Investment:		
Property, Plant, and Equipment and Assets Held for Sale	7,150	8,253
Donated asset	60	0
Heritage Assets	238	0
Intangible Assets	267	170
Revenue Expenditure Funded from Capital under Statute	1,147	790
Long term loan	2,635	2,292
Capital Investment Total	11,497	11,505
Sources of Financing:		
Capital Receipts	(1,419)	(1,046)
Government Grants and Other Contributions	(1,931)	(3,607)
Sums Set Aside from Revenue	(988)	(2,529)
Use of Major Repairs Reserve	(2,183)	(2,729)
Minimum Revenue Provision / Voluntary Revenue Provision	(1,412)	(1,459)
Financing Total	(7,933)	(11,370)
Closing Capital Financing Requirement	90,443	86,879
(Increase)/Decrease in underlying need to borrow	3,564	(135)

34 Leases

The Council as a Lessee

Finance leases

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

Operating Leases

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

	31 March 2023 £000	31 March 2022 £000
Not later than one year	260	338
Later than 1 year and not later than 5 years	135	60
	395	398

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

The Council as Lessor

Finance leases

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

	31 March 2023 £000	31 March 2022 £000
Not later than one year	58	12
Later than 1 year and not later than 5 years	90	103
	148	115

Operating leases

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

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

	31 March 2023 £000	31 March 2022 £000
Not later than one year	86	87
Later than 1 year and not later than 5 years	237	300
Later than 5 years	1,848	1,554
	2,171	1,941

The minimum lease payments receivable does not include rents that are contingent on events taking place after the lease was entered, such as adjustments following rent reviews. In 2022/23 no contingent rents were receivable by the Council.

35 Defined Benefit Pension Scheme

Pension Benefits

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

Transactions relating to Post-Employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required against council tax and HRA rents is based on the sums specified on the actuary certificate published as part of the valuation as at 1 April 2022, so the real cost of post-employment/retirement benefits is reversed out of the General Fund and HRA via the Movement in Reserves Statement.

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

	Local Government Pension Scheme		Discretionary Benefit Arrangements	
	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000
Comprehensive Income and Expenditure Statement				
Cost of Services				
• Current Service Costs	6,314	6,535		
• Past Service Costs				
Financing and Investment Income and Expenditure				
• Net Interest Expense	1,173	1,109	0	0
Total Post-employment Benefit Charged to the Surplus or Deficit on the Provision of Services	7,487	7,644	0	0
Other Post-employment benefits charged to the Comprehensive Income and Expenditure Statement				
Re-measurement of the net defined benefit liability comprising:				
• Actuarial (gains)/losses arising on changes in financial assumptions	62,490	12,396	0	10
• Actuarial (gains)/losses arising on changes in demographic assumptions	3,531	960	0	9
• Other experience	(6,960)	(360)	0	(63)
• Return on Plan Assets (excluding the amount included in the net interest expense)	(4,751)	7,637		
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	54,310	20,633	0	(44)
Movement in Reserves Statement				
• Reversal of net charges made to the Surplus or Deficit on the Provision of Services for Post-Employment Benefits in accordance with the Code	(7,488)	(7,644)	0	(25)
Actual amount charged against the General Fund and HRA Balances for Pensions in the year:				
• Employer's contributions payable to the scheme	55	145		103
• Early payment transferred to pension liability	2,664	2,664		78
• Retirement benefits payable to pensioners			100	0
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(4,769)	(4,835)	100	156

Pension Assets and Liabilities Recognised in the Balance Sheet

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

	Local Government Pension Scheme		Discretionary Benefit Arrangements	
	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000
Present Value of the Defined Benefit Obligation	(120,557)	(172,453)	(1,032)	(1,265)
Fair Value of Plan Assets	128,160	133,311	-	-
IFRIC 14 adjustment to reduce the credit ceiling	(6,571)	-	-	-
Net Liability Arising from the Defined Benefit Obligation	1,032	(39,142)	(1,032)	(1,265)

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

	2022/23 £000	2021/22 £000
Opening Balance at 1 April	133,311	126,609
Interest Income on Plan Assets	3,550	2,496
Return on Plan Assets, excluding the amount included in the net interest expense	(5,201)	7,637
Contributions from Employer	55	145
Contributions from Scheme Participants	884	824
Benefits Paid	(4,439)	(4,400)
Closing Balance at 31 March	128,160	133,311

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

	Local Government Pension Scheme		Discretionary Benefit Arrangements	
	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000
Opening Balance at 1 April	(172,453)	(178,885)	(1,265)	(1,299)
Current Service Cost	(6,259)	(6,535)		
Interest cost	(4,723)	(3,605)	0	(25)
Contributions by Scheme Participants	(884)	(824)		
Re-measurement (Gain)/Loss:				
• Actuarial (gains)/losses arising from changes in demographic assumptions	62,490	12,396	0	10
• Actuarial (gains)/losses arising from changes in financial assumptions	3,531	960	0	9
• Other experience	(6,510)	(360)	0	(63)
Adjustment	(133)		133	
Benefits Paid	4,439	4,400	100	103
Past Service Costs	(55)		0	
Closing Balance at 31 March	(120,557)	(172,453)	(1,032)	(1,265)

Asset Category	Period Ended 31 march 2023			
	Quoted £,000	Unquoted	Total £,000	Percentage of total assets
Equity Securities: Other¹	-	54.6	54.6	0.0%
Debt Securities				0.0%
Corporate bonds (investment grade)	7,936.0	-	7,936.0	6.2%
Corporate bonds (non-investment grade)	2,606.0	-	2,606.0	2.0%
UK Government	6,017.6	-	6,017.6	4.7%
Other	-	3,820.1	3,820.1	3.0%
Private equity	-	9,108.5	9,108.5	7.1%
Real Estate				
UK Property	12,579.2	-	12,579.2	9.8%
Overseas Property	42.7	-	42.7	0.0%
Investment Funds and Unit trusts				
Equities	65,248.2	-	65,248.2	50.9%
Bonds	11,576.2	-	11,576.2	9.0%
Infrastructure	-	6,483.2	6,483.2	5.1%
Cash & cash equivalents	2,687.7	-	2,687.7	2.1%
Closing Balance at 31 March	108,693.6	19,466.4	128,160.0	100.0%

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method valuation, an estimate of the pensions that will be payable in future years' dependent on assumptions about mortality rate, salary levels, etc.

Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the scheme fund being based on the latest full valuation of the scheme as at 31 March 2023

The significant assumptions used by the actuary have been:

	2022/23	2021/22
Mortality assumptions:		
Longevity at 65 for current pensioners (years):		
Men	21.3	21.6
Women	24.1	24.1
Longevity at 65 for future pensioners (years):		
Men	21.8	22.7
Women	25.9	25.9
Financial assumptions		
Rate of increase in salaries	3.95%	4.00%
Rate of increase in pensions	2.95%	3.20%
Rate of discounting of scheme liabilities	4.75%	2.70%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the previous table. The sensitivity analysis shown in the next table have been determined based on reasonably possible changes on the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant.

The assumption in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur and changes in some of the assumption may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e., on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the following sensitivity analysis did not change from those used in the previous period.

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

Impact on the Defined Benefit Obligation in the Scheme		
	Approximate % increase to Employer Liability	Approximate Monetary Amount £000
0.1% decrease in Real Discount Rate	2%	2,093
1 year increase in member life expectancy	4%	4,864
0.1% Discount in the Salary Increase Rate	0%	221
0.1% increase in the Pension Increase Rate (CPI)	2%	1,902

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The county council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 18 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be undertaken as at 31 March 2023 and will be reported later in 2023.

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

The authority anticipated to pay £2.7m expected contributions to the scheme in 2023/2024.

36 Contingent Assets and Liabilities

Contingent Liabilities and assets

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

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

The Council has no contingent assets or liabilities at 31 March 2023.

37 Accounting policies

1. Accruals of Income and Expenditure

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

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial 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 in financing and investment income and expenditure for the income that might not be collected.

2. Cash and Cash Equivalents

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

3. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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

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

4. 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 authority 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 in its overall borrowing requirement [equal to either an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance (England and Wales) or the statutory repayment of loans fund advances (Scotland)]. Depreciation, revaluation and impairment losses, and amortisation are therefore replaced by the contribution in the General Fund balance [MRP or the statutory repayment of loans fund advances], by way of an adjusting transaction with the capital adjustment account in the Movement in Reserves Statement for the difference between the two.

5. Council Tax and Non-Domestic Rates

Billing authorities 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 (i.e. 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 (for NDR) 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 NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the collection fund adjustment account and included as a reconciling item in the Movement in Reserves Statement.

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

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

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

Termination Benefits

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

Pension Costs

Pension Benefits

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

The pension scheme is operated under the framework of the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Investment sub-committee of Warwickshire County Council. Policy is determined in accordance with the Pensions Fund Regulations.

Statutory provisions require the General Fund and Housing Revenue Account balances to be charged with the amount payable by the Council to the pension fund 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 Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund and Housing Revenue Account of being required to account for retirement benefits based on cash flows rather than as benefits are earned by employees.

Recognition and Measurement

The LGPS is accounted for as a defined benefit scheme:

- The liabilities of the pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method, which is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of future earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate of 4.75% (broadly equivalent to the yield available on high quality corporate bonds with duration, consistent with the term of the liabilities).
- The fair value of the assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - Market quoted investments – current bid price on the final day of the accounting period
 - Fixed interest securities – net market value based on their current yields
 - Unquoted investments – professional estimate

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

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

7. Events after the Reporting Period

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

- Those that provide evidence of conditions that existed at the end of 2022/23 – the Accounts are adjusted to reflect such events
- Those that are indicative of conditions that arose after the 31 March 2023 – the Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made of the nature of the event and their estimated financial effect.

8. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the

liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

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

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

Financial Assets

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

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

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

Financial Assets Measured at Amortised Cost

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

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

Expected Credit Loss Model

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

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

Financial Assets Measured at Fair Value through Profit of Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair

value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

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

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

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

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

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

9. Government Grants and Contributions

Grants

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

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

Monies advanced as grants or contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line or Taxation and Non-Specific Grant line in the Comprehensive Income & Expenditure Statement.

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

Revenue from contracts with customers

Where revenue is charged or received for goods or services provided to customers there will be an assessment of this income following the following 5 step approach.

- 1) Identify contract - agreement that creates enforceable rights and obligations
- 2) Identify performance obligations in the contract
- 3) Determine transaction price
- 4) Allocate transaction price to performance obligations
- 5) Recognise revenue when or as an entity satisfies performance obligations

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

10. Heritage Assets

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

held in Infrastructure Assets or Other Land and Buildings. The heritage assets held by the Council have been categorised as follows:

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

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

Valuations may be made by any method that is appropriate and relevant to the heritage asset: this includes insurance valuations for museum collections, monuments & statues, historic sites, and civic regalia. It is not a requirement of the Code for valuations to be carried out or verified by external valuers. Although there is no prescribed minimum period between full valuations, the Council considers it appropriate to seek a full valuation every five years.

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

11. Intangible Assets

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

12. Interests in Companies and Other Entities

The authority has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and Currently it is not required to prepare group accounts. In the authority's own single-entity accounts.

The interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

13. Inventories and Long-term Contracts

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

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

14. Investment Properties

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on

revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income & Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustments Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

15. Joint Operations

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

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

Therefore, in line with the contractual arrangements set out in the joint agreement, the Council recognises its share of the operational assets and liabilities of the Joint Committee on its Balance Sheet and debits and credits the Comprehensive Income and Expenditure Statement with 50% of the expenditure and income of the Joint Committee. This is also recognised in the Movement in Reserves Statement and the Cash Flow Statement as appropriate. Further detail on this Joint Operation is also provided in Note 31 Related Party Transactions.

16. 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 building elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets. This definition includes rental agreements, contract hire and licences.

17. Overheads and Support Services

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

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

Expenditure 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 a revenue expense when it is incurred. The Council has established a de-minimis level of £10,000. Expenditure on assets under this level is not capitalised within the Accounts and the assets are fully depreciated within the year.

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

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

Impairment

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

loss is recognised for the shortfall. Where impairment losses are identified, they are accounted for as per decreases in value noted above.

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

Impairment Losses

No impairments were recognised in the year following a review of asset compliance with our componentisation policy.

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 useful life (i.e., freehold land and Community Assets) and assets that are not yet available for use (i.e., assets under construction).

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

- Dwellings and other buildings – 5-60 yrs.
- Vehicles, plant and equipment – 3-25 yrs.
- Infrastructure – 7-40 yrs.

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

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Componentisation

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The Council has established a threshold of £500,000 for determining whether an asset needs to be componentised and an individual asset cost of more than 25% to determine whether an asset is considered as a component.

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

Subsequent Expenditure on Property Plant and Equipment

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

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

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

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

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposal are credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement 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 in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

The writing off of the remaining net book value of assets which are disposed of is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and its fair value less costs to sell. 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 & 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 to sell.

19. Provisions, Contingent Liabilities & Contingent Assets

Provisions

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

Provisions in respect of bad and doubtful debts are maintained, including amounts relating to rent, council tax and business rate arrears, which have been estimated in accordance with recommended practice and past experience and are charged as an expense to the appropriate service line in the Comprehensive Income & Expenditure Statement. When payments are eventually made, these are charged to the provision carried in the Balance Sheet.

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 are 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 are disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

20. Reserves

The authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund balance so that there is no net charge against council tax for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the authority – these reserves are explained in the relevant policies.

21. Revenue Expenditure Funded from Capital Under Statute (REFCUS)

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 authority 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 balance to the capital adjustment account then reverses out the amounts charged so that there is no impact on the level of council tax.

22. Value Added Tax (VAT)

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

23. Fair Value Measurement of Non-Financial Assets

The authority's accounting policy for fair value measurement of financial assets is set out in note 17. The authority also measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings [other financial instruments as applicable] at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

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

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

When measuring the fair value of a non-financial asset, the authority 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 authority 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 for which fair value is measured or disclosed in the authority's Financial statements are categorised within the fair value hierarchy, as follows:

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

38 Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks, including:

- credit risk – the possibility that other parties might fail to pay amounts due to the authority
- liquidity risk – the possibility that the authority might not have funds available to meet its commitments to make payments
- market risk – the possibility that financial loss may arise for the authority as a result of changes in such measures as interest rates and stock market movements.

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

The Council manages risk in the following ways:

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

Credit risk

Credit risk represents the risk that the counterparty to a transaction will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

This risk is minimised through the Annual Treasury Management Strategy, which stipulates limits on credit criteria, deposit amounts and duration for deposits with each financial institution. Details of the Investment Strategy can be found on the Council's website.

In essence the Fund's entire investment portfolio is exposed to some form of credit risk. However, the selection of high-quality counterparties and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

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

Liquidity risk

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

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

	31 March 2023	31 March 2022
	£000	£000
Less than one year	52,708	51,505
Between one and two years	10,119	15,651
Between two and three years	1,826	12,484
More than three years	-	-
Total	64,653	79,640

Refinancing and Maturity Risk

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

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

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

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period:

	Approved maximum limits	Approved minimum limits	Actual 31 March 2023	Approved maximum limits	Approved minimum limits
	%	%	£'000	£'000	%
Less than one year*	75	-	-	7,310	0
12 months to 2 years	75	-	-	-	0
Between 2 and 5 years	75	-	1,717	1,717	2
Between 5 and 10 years	75	-	-	-	0
Between 10 and 20 years	75	-	515	515	1
Between 20 and 30 years	75	-	512	512	1
Between 30 and 40 years	75	-	10,524	10,524	13
More than 40 years	75	-	70,480	70,479	84
Between 30 and 40 years	75	-	10,524	10,524	13

* Excludes short-term borrowing less than 365 days.

Market risk

Interest rate risk - The Council is exposed to interest rate movements on its borrowings and investments. For instance, rises variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise.
- Borrowings at fixed rates – the fair value of the borrowing liability will fall.
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise; and
- Investments at fixed rates – the fair value of the assets will fall.

Investments measured at amortised cost and loans borrowed are not carried at fair value so changes in their fair value will have no impact on Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

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

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

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

Transition to IFRS 9 Financial Instruments

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

The Council has made the following judgement when classifying financial instrument.

Statutory Override on pooled investments

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

Housing Revenue Account (HRA)

Income and Expenditure Account

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

	2022/23	2021/22
	£000	£000
Income		
Dwelling Rents	(16,095)	(15,370)
Non-dwelling rents	(122)	(118)
Charges for services	(866)	(871)
Contributions towards expenditure	(150)	(115)
Total Income	(17,233)	(16,474)
Expenditure		
Repairs and maintenance	3,992	4,490
Supervision and management	5,580	5,439
Rents, rates, taxes and other charges	52	148
Depreciation and impairment of non-current assets	6,539	8,500
Total Expenditure	16,163	18,577
Net (Income)/Expenditure or Income of HRA Services as included in the Comprehensive Income and Expenditure Statement	(1,070)	2,103
HRA Share of Corporate and Democratic Core costs	291	254
Net (Income)/Expenditure of HRA Services	(779)	2,357
(Gain) or Loss on sale of HRA non-current assets	(293)	162
Interest payable and similar charges	1,295	1,838
Interest and investment income	(917)	(733)
Pension interest and expected return on pension assets	192	176
Capital grants and contributions receivable	0	243
Reversal - Impairment of Financial Instrument	80	(9)
Other Items	0	66
(Surplus)/Deficit for the year on HRA services	(422)	4,100

Movement on the HRA Statement

	2022/23 £000	2021/22 £000
HRA revenue balance brought forward	(4,294)	(5,085)
(Surplus) or Deficit for the year on the HRA Income and Expenditure Account	(422)	4,100
Adjustments between accounting basis and funding basis under statute	(3,007)	(3,749)
Net (increase) or decrease before transfers to or from reserves	(3,429)	351
Transfers to or (from) earmarked reserves	3,638	440
(Increase) or decrease in the HRA Revenue Balance	209	791
HRA revenue balance carried forward	(4,085)	(4,294)

Note to the Movement on the HRA Statement

	2022/23 £000	2021/22 £000
Adjustments between accounting basis and funding basis under statute		
Depreciation of non-current assets	(3,182)	(3,158)
Revaluation movements and impairment on non-current assets, charged to the Comprehensive Income and Expenditure Statement	(3,172)	(5,322)
Amortisation of intangible assets	(183)	(20)
Amounts of non-current assets written off on disposal or sale	(2,517)	(3,099)
Sale proceeds credited as part of the gain/loss on disposal	2,809	2,937
Transfer to Accumulated Absences account	4	6
Capital expenditure financed from revenue balances	832	2,365
Capital grants and contributions applied	0	(243)
Transfer of Unattached Receipts to the Capital Receipts Reserve	0	(65)
Net charges made for retirement benefits (IAS 19)	(779)	(309)
Reversal of Major Repairs Allowance credited to the HRA	3,182	3,158
Statutory provision for the financing of capital investment	0	0
	(3,006)	(3,750)

Transfers to or (from) earmarked reserves	2022/23 £000	2021/22 £000
Transfer to or (from) Housing Repairs Account	49	(223)
Transfer to or (from) HRA Capital Investment balances	(93)	611
Transfer to or (from) HRA Climate change reserve	976	0
Transfer to or (from) Major Repairs	256	0
Transfer to or (from) other earmarked reserves	2,422	52
	3,610	440

Note 1 HRA Assets

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

	2022/23	2021/22
Houses/Bungalows (including part-ownerships)	2,117	2,140
Flats	1,536	1,536
	3,653	3,676

The change in the stock was as follows:

	2022/23	2021/22
Stock at 1 April	3,676	3,686
Less sales (including part-ownership)	(25)	(28)
Less removal from stock	0	(8)
Add: new build properties	0	21
Add: purchase of properties	2	5
Stock at 31 March	3,653	3,676

The balance sheet includes HRA assets as detailed below.

	2022/23	2021/22
	£000	£000
Balance Sheet values as at 31 March		
Operational Assets: Dwellings	198,042	197,409
Operational Assets: Other Land and Buildings	288	847
Operational Assets: Equipment	658	652
Operational Assets: Infrastructure	830	867
Non-Operational Assets	903	1,110
Assets Under Construction	410	915
	201,131	201,800

Note 2. Vacant Possession

	2022/23	2021/22
	£000	£000
Vacant Possession Value of Dwellings as at January 2023	482,010	488,280
Balance Sheet Value of Dwellings	(192,804)	(195,312)
Economic cost to Government	289,206	292,968

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

Note 3. Major Repairs Reserve

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

	2022/23	2021/22
	£000	£000
Balance at 1 April	(3,805)	(2,189)
Amount transferred to Major Repair Reserve during the year	(3,183)	(3,249)
Appropriations to or (from) HRA Revenue	(256)	(432)
Capital financing	2,183	2,065
Balance at 31 March	(5,061)	(3,805)

Note 4. Housing Repairs Account

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

	2022/23	2021/22
	£000	£000
Balance at 1 April	(92)	(315)
Contributions during the year	(3,899)	(4,267)
Repairs and maintenance charged	3,991	4,490
Balance at 31 March	0	(92)

Note 5(i). HRA Capital Expenditure and Financing

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

	2022/23 £000	2021/22 £000
Expenditure:		
Council dwellings	5,400	5,316
Other assets	0	327
Housing Management Systems	82	0
Other expenditure	231	553
	5,713	6,196
Financed by:		
Direct Revenue Finance	(832)	(2,365)
Government Grant	(209)	(2,242)
Right to Buy Receipts	(207)	(343)
Major Repairs Reserve	(2,183)	(2,729)
Borrowing	(2,282)	1,483
	(5,713)	(6,196)

Note 5(ii). HRA Capital Receipts

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

	2022/23 £000	2021/22 £000
Sales of Council Houses under Right to Buy (RTB)	(2,810)	(2,937)
RTB Discounts repaid	0	(9)
Council House Mortgage Principal Repayments	0	(57)
	(2,810)	(3,003)

Note 6. Depreciation of Property Plant and Equipment

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

	2022/23 £000	2021/22 £000
Operational Assets		
Dwellings, other land, buildings	(3,038)	(2,988)
Equipment	(106)	(132)
Non-operational assets	(37)	(30)
	(3,181)	(3,150)

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

Note 7. Contribution to/from Pensions Reserve

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

Note 8. Tenant Arrears

During 2022/23 rent arrears as a proportion of gross rental income have changed from 7.80% of the amount due to 6.68%. The figures, excluding service charges and debts of up to three weeks are as follows:

	2022/23 £000	2022/23 £000
Arrears of current tenants (not including current weeks)	632	520
Arrears of former tenants	492	376
Total tenants' arrears at 31 March	1,124	896

During 2022/23 – the Housing Management - Tenancy Sustainment team provided tenancy coaching to more than 400 customers, including those living in temporary accommodation in preparation for secure tenancies.

Bad Debts

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

	2022/23	2021/22
	£000	£000
Balance at 1 April	(482)	(521)
Write off/Write on	0	30
Provision made in the year	(73)	9
Balance as at 31 March	(555)	(482)

Collection Fund Statement

The collection fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate collection fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the government of council tax and non-domestic rates.

	2022/23			2021/22
	Business Rates	Council Tax	Total	Total
	£000	£000	£000	£000
INCOME				
Council Tax Receivable	-	(83,351)	(83,351)	(79,037)
Business Rates Receivable	(52,070)	-	(52,070)	(51,293)
Transitional Protection Payments Receivable	-	-	-	-
	(52,070)	(83,351)	(135,421)	(130,409)
Contribution to Previous Year Estimated Deficit	-	-	-	-
Central Government	-	-	-	(8,232)
Warwickshire County Council	-	-	-	(1,829)
Rugby Borough Council	-	-	-	(6,612)
Police and Crime Commissioner for Warwickshire	-	-	-	(29)
	-	-	-	(16,702)
Total Income	(52,070)	(83,351)	(135,421)	(147,111)
EXPENDITURE				
Transitional Protection Payments	260	-	260	-
Distribution of Previous Year Estimated Surplus				
Central Government	2,314	-	2,314	-
Warwickshire County Council	463	712	1,174	-
Rugby Borough Council	1,851	103	1,955	-
Police and Crime Commissioner for Warwickshire	-	118	118	-
	4,628	933	5,561	-
Precepts, Demands and Shares				
Central Government	26,100	-	26,100	26,004
Warwickshire County Council	5,220	62,818	68,038	64,602
Rugby Borough Council	20,880	9,023	29,904	29,436
Police and Crime Commissioner for Warwickshire	-	10,373	10,373	9,799
	52,201	82,214	134,415	129,840
Charges to Collection Fund				
Write offs of uncollectible amounts	(48)	-	-	-
Less: Increase / (Decrease) in Bad Debt Provision	113	240	353	254
Less: Increase / (Decrease) in Provision for Appeals	3,253	-	3,253	4,833
Appeals and List Alterations	(2,129)	-	(2,129)	(3,630)
Cost of Collection Allowance	133	-	133	132
Disregarded Amounts	126	-	126	80
Reconciliation Adjustments	-	-	-	-
	1,448	240	1,736	1,668
Total Expenditure	58,536	83,387	141,972	131,509
Movement on Fund				
(Surplus)/ Deficit arising during the year	6,467	36	6,502	(15,602)
(Surplus)/ Deficit arising at 1 April	(4,187)	(665)	(4,852)	10,750
(Surplus)/ Deficit arising at 31 March	2,280	(629)	1,650	(4,852)

Notes to the Collection Fund Statement

Note 1. Council Tax

The Council is required to calculate a tax base each year and this is divided into the total precept requirement for Warwickshire County Council, the Police and Crime Commissioner for Warwickshire and the Borough Council to produce the average band D council tax figure of £2,082.17 for 2022/23.

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

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

Band	No. of Chargeable Dwellings	Ratio	Band D Equivalent
A-	7.87	5/9	3.75
A	6,128.77	6/9	4,020.42
B	9,222.92	7/9	7,214.31
C	10,041.62	8/9	8,945.65
D	6,224.17	9/9	6,468.36
E	4,690.56	11/9	5,812.02
F	3,039.73	13/9	4,473.11
G	1,627.91	15/9	2,831.87
H	70.93	18/9	142.50
			39,911.99
		Less allowance for non-collection	(558.77)
		Contributions in lieu (MOD properties)	131.80
		COUNCIL TAX BASE 2022/23	39,485.02

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

The tax base multiplied by the average band D council tax of £2,082.17 provided an original estimate of income of £82.214m for 2022/23. The actual income for 2022/23 was £83.351m thus above expectations by 1.38%.

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

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

The Council collects non-domestic rates for its area, based on local rateable values multiplied by a national rate. The total rateable value for the Rugby Borough area was £129.362m at 31 March 2023 (£131.543m in 2021/22). The non-domestic rating multiplier for 2022/23 was 51.2p (51.2p in 2021/22) and the small business non-domestic rating multiplier was 49.9p (49.9p in 2021/22).

Note 3. Collection Fund Balance Apportionment

The net surplus on the Collection Fund as at 31 March 2023 of £1.650m will be split between the authorities and recovered in 2022/23 in the following proportions:

	2022/23			2021/22
	Business Rates	Council Tax	Total	Total
	£000	£000	£000	£000
Central Government	1,140	0	1,140	(2,093)
Warwickshire County Council	228	(481)	(253)	(925)
Police and Crime Commissioner for Warwickshire	0	(80)	(80)	(85)
Rugby Borough Council	912	(69)	843	(1,749)
	2,280	(630)	1,650	(4,852)

The Balance Sheet as at 31 March 2023 will include a net creditor/debtor for each of the precepting authorities' share of the Collection Fund (surplus)/deficit.

The Council's share of the net surplus on the Collection Fund of £0.843m (2021/22 £1.749m) is recognised in the Comprehensive Income and Expenditure Statement in 2022/23 but reversed out to the Collection Fund Adjustment Account in the Movement in Reserves Statement.

Note 4. Collection Fund Adjustment Account

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

	2022/23			2021/22
	Business Rates	Council Tax	Total	Total
	£000	£000	£'00	£000
Balance at 1 April	(1,755)	(74)	(1,829)	4,146
Amount by which income credited to the Comprehensive Income and Expenditure Statement is different from income calculated for the year in accordance with statutory requirements.	2,621	5	2,626	(5,975)
Balance at 31 March 2023	866	(69)	797	(1,829)

Note 5. Coventry and Warwickshire Business Rates Pool

The Council has been part of the Coventry and Warwickshire Business Rates Pool since the introduction of the Business Rates Retention scheme in 2013/14. The outturn performance of the Pool between 2013/14 – 2022/23 had resulted in an accumulated Safety Net Reserve balance of £2.435m of which the Council's share was £0.627m.

Independent Auditor Report

Independent auditor's report to the Councillors of Rugby Borough Council

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of Rugby Borough Council (the 'Authority') for the year ended 31 March 2023, which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure 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 Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23. In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2023 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

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

Conclusions relating to going concern

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

In our evaluation of the Chief Officer – Finance and Performance's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

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

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

Our responsibilities and the responsibilities of the Chief Officer – Finance and Performance with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of the Authority and the Chief Officer – Finance and Performance

As explained more fully in the Statement of Responsibilities, set out on page 25 the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Officer – Finance and Performance. The Chief Officer – Finance and Performance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as

set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Chief Officer – Finance and Performance 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 Chief Officer – Finance and Performance is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below. We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003).

We enquired of management and the Audit and Ethics Committee, concerning the Authority's policies and procedures relating to:

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

We enquired of management, internal audit and the Audit and Ethics Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to manual journal entries. Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, with a focus on manual journal entries,
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of valuation of land and buildings and the pension fund liability, and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations

is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including management override of controls. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the local government sector

understanding of the legal and regulatory requirements specific to the Authority including: the provisions of the applicable legislation

guidance issued by CIPFA/LASAAC and SOLACE

the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

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

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

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

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

We have nothing to report in respect of the above matter except on 29 June 2021 we identified a significant weakness in how the Authority plans and manages its resources to ensure it can continue to deliver its services. This was in relation to the Authority not being able to develop plans during 2020-21 to address predicted funding shortfalls in its Medium-Term Financial Strategy through to 31 March 2025. We recommended that the Authority should continue to review budgets and planned savings schemes as necessary to deliver a balanced financial position over the medium. The Authority has subsequently embedded its transformation programme, but savings and efficiencies generated from it have not been sufficient to address funding shortfalls. The latest Medium Term Financial Strategy prepared alongside the 2023-24 budget continues to project a significant shortfall of funding for its services over the medium

term, which has been exacerbated by adverse economic conditions and inflation. Therefore the significant weakness in arrangements remains in place.

Responsibilities of the Authority

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

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

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

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

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

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

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of Rugby Borough Council for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

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

Avtar Sohal
Avtar Sohal, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor
Birmingham
14 November 2023

ANNUAL GOVERNANCE STATEMENT

2022-23

RIGHT FOR RUGBY

Annual Governance Statement 2022/23

1. SCOPE OF RESPONSIBILITY

- 1.1 Rugby Borough Council is responsible for ensuring that it conducts its business in accordance with the law and proper standards. Public money must be used economically, efficiently and effectively, safeguarded and properly accounted for. The Council must have in place proper governance arrangements and carry out its functions effectively, including suitable risk management arrangements.
- 1.2 The Council must conduct a review, at least once a year, of the effectiveness of its system of internal control and report the findings in an annual governance statement (AGS). The statement must be prepared in accordance with proper practices and be reported to a Committee of Councillors. This document comprises the Council's AGS for 2022/23. This year's statement shows the governance framework has again been maintained and enhanced during the year. Sound governance helps the Council deliver on its corporate strategy, specifically the objective to "maintain robust systems of governance that ensure fairness, accountability and transparency".

2. WHO IS RESPONSIBLE FOR ENSURING GOOD GOVERNANCE?

- 2.1 The Council's governance arrangements are overseen by the Audit & Ethics Committee. The Chief Executive has overall responsibility for ensuring that effective controls and processes are implemented across the Council, and these are regularly reviewed and updated. Regular reports are submitted to the Audit & Ethics Committee highlighting any identified enhancements. The Chief Officer Finance and Performance (s151 Officer) is responsible for ensuring that effective financial controls are in place, for the maintenance of an effective internal audit function and, alongside the Chief Officer Legal and Governance (Monitoring Officer) for reviewing the overall effectiveness of the governance framework. In addition, the Leadership Team shares a collective responsibility for sound financial management and governance. The overview and co-ordination of this process is undertaken by the Corporate Assurance Manager.

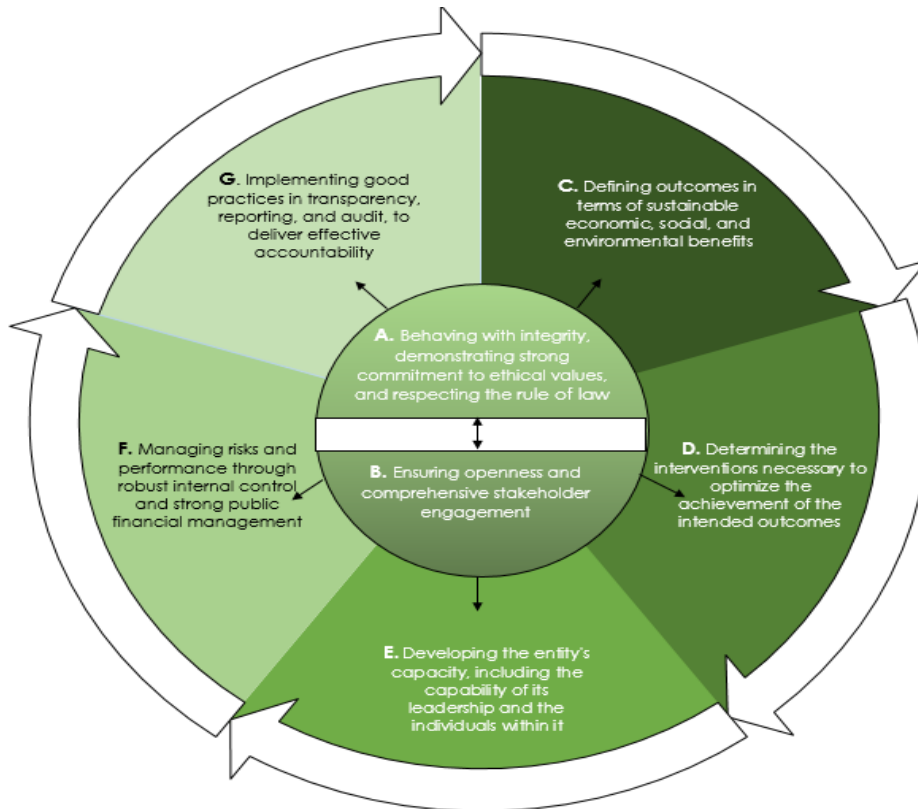
3. WHAT THIS STATEMENT TELLS YOU

- 3.1 This Statement provides a summarised account of how the Council's management arrangements are set up to meet the principles of good governance set out in the Constitution and how assurance is obtained that these are both effective and appropriate. It provides the reader with a clear assessment of how the governance framework has operated over the past financial year, how effective that framework has been in enabling the Council to achieve its objectives, and to identify any improvements made and any weaknesses or gaps in arrangements that need to be addressed. Its main aim is to provide the reader with confidence that the Council is managed effectively and efficiently; that services are delivered in accordance with current legislation, the corporate strategy and in a way that optimises value for money.

4. THE PRINCIPLES OF GOOD GOVERNANCE

- 4.1 The principles of good governance are set out in the CIPFA Framework for Delivering Good Governance in Local Government 2016. The framework positions the attainment of sustainable economic, societal, and environmental outcomes as a key focus of governance processes and structures. This statement explains how the Council has complied with the framework and meets the requirements of the Accounts and Audit Regulations 2015 (England).

- 4.2 Good governance is dynamic, and the Council is committed to improving its governance on a continuing basis through a process of evaluation and review. The diagram below, taken from the International Framework for Good Governance in the Public Sector, illustrates the various principles of good governance in the public sector and how they relate to each other. At Rugby Borough Council, sound governance is embedded as a priority in the corporate strategy.



Principles A and B permeate implementation of principles C to G

5. THE GOVERNANCE FRAMEWORK

- 5.1 The governance framework comprises the policies, plans, systems, processes, culture and values (the system of 'internal control') that the Council has in place to ensure its intended outcomes for stakeholders and the community are defined and delivered. To deliver good governance objectives must be achieved whilst also acting in the public interest. The framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 5.2 The governance arrangements are designed to ensure that an appropriate and proportionate approach is taken to managing risk whilst ensuring that objectives are achieved. The governance framework has been in place for the year to the date of approval of this annual governance statement. The arrangements are not designed to eliminate all risks but rather provide a reasonable degree of assurance of effectiveness. The governance framework and an assessment of its effectiveness are set out on the following pages.

PRINCIPLE A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Arrangements in place

- Member and officer codes of conduct
- Confidential Reporting Code
- Counter Fraud, Bribery and Corruption Strategy
- Fraud Response Plan
- Contract Standing Orders
- Declaration of interests procedure
- Register of interests
- Register of gifts and hospitality
- Customer feedback and complaints procedure with oversight by Management Team
- Equalities & Diversity policy statement
- Register of Equality and Climate Change Impact Assessments
- Information governance framework and security policies in place, and senior information risk owner in post (SIRO).
- Corporate CANDO values and behaviours framework in place which all employees are expected to act in accordance with
- Recruitment/ selection procedures aligned with corporate values
- Customer Care training is mandatory for all staff in accordance with the Council's value of putting "customers first".
- A standard format is in place for 121 meetings between managers and staff, designed to ensure that the corporate values are embedded and adhered to.
- An online "Praise" system is in place which enables employees who have excelled to receive a praise "badge" in recognition of their contribution.
- The Council participates in the National Fraud Initiative
- Staff required to confirm that they have read and understood the Council's anti-fraud, bribery and corruption arrangements.
- Internal audit plan coverage includes governance and ethics related audits, in line with the Public Sector Internal Audit Standards.
- Any planning applications submitted by staff are reviewed in public
- Agenda management sheets of Council reports include a requirement to highlight the legal implications of decisions
- Records of regulatory training required and undertaken are retained on the Council's HR system
- There is a Warwickshire independent persons panel in place which is available for consultation regarding any conduct related complaints. The group provides advice to the Council on the appropriate course of action to take in such cases.
- The Council has implemented arrangements to ensure compliance with the requirements of the Homelessness Reduction Act 2018.
- Financial instructions and regulations in place.
- Shareholders Committee in place to oversee the activity of the Joint Venture trading company.
- Team meetings and 121s provide an additional opportunity for officers to raise any concerns they may have.

Effectiveness and future developments

Dedicated time was again set aside within the internal audit work plan to ensure that resources are available to thoroughly investigate any allegations and to enable proactive risk-based testing to be conducted during the year. A review of fraud risks and mitigating controls across all Council departments was completed in 2021/22 and resulted in a substantial level of assurance. The Council's approach to assessing fraud risks, and its fraud awareness training arrangements, were recognised and published in 2018 as examples of best practice in Local Government. A formal strategy review and update has been completed in 2022/23 and is being presented to the Audit & Ethics Committee for approval in June 2023. The Council's framework for managing the risks of fraud, bribery and corruption were subject to independent external review in March 2023, and a substantial level

of assurance was provided. To ensure the updated strategy is successfully embedded, further work will be completed in 2023/24, which will include requirements for officers to acknowledge their responsibilities in this area, and formal training. **See Action 1.**

Rolling licensing committee training has been provided to members leading to a clearer evaluation of prosecution cases. The Council has invested in the provision of enhanced regulatory training to planning committee members leading to a greater awareness and understanding when making decisions, and a reduction in appeals.

Financial approval limits were updated and a new scheme of delegation was developed and approved for the Council in December 2021. Furthermore, following publication of a new Local Government Association Code of Conduct, the Council has developed its own new Code of Corporate Governance (Internal Constitution), along with supporting guidance for officers and members. This sets out in more detail how the Council applies its Constitution in practice. The new Internal Constitution was agreed in early 2023 and at the time of writing was being cascaded to officers.

An internal audit review completed in 2022/23 highlighted a lack of documented policies and procedures defining Council requirements for key aspects of data protection including Data Classification, Data Retention and Data Disposal. Though Record of Processing Activities (ROPA) spreadsheets have been created to document requirements around the handling and processing of Council data there is no regular review process in place, meaning that in some cases these have not been regularly reviewed and updated. The Management Team is being tasked with establishing a squad to implement the actions arising from the internal audit review. **See Action 2.**

During the annual canvass, between July and November 2022, over 50,000 properties were contacted in the Borough to ensure that elector details were accurate and up to date. The annual electoral register was published on time on December 1 2022, as legally required. The Council also led a campaign to raise awareness of the new voter ID requirements.

During the year there was a whistleblowing incident, which was fully investigated by the Corporate Assurance team and highlighted £0.060m of purchases where Council procurement rules had not been followed. An action plan has been agreed to strengthen monitoring controls further, and the internal audit plan for 2023/24 includes quarterly sample testing of purchase transactions. **See Action 3.**

PRINCIPLE B: Ensuring openness and comprehensive stakeholder engagement

Arrangements in place

- The Council publishes a range of information including meeting agendas and reports, financial and procurement data, invitations to tender, senior officer salaries, the contracts register, annual governance statement and financial statements, corporate performance information, planning applications and decisions, delegated decisions and section 106 agreements.
- Records are retained detailing any decisions taken by officers using their delegated authority, including the rationale. Such decisions are also published.
- The strategic risk register is scrutinised by the Audit & Ethics Committee.
- The Council consults widely and comprehensively with stakeholders on its proposals. Wider engagement takes place via the West Midlands Combined Authority and the Local Enterprise Partnership.
- There is a Scrutiny Committee work programme in place, with members of the public invited to recommend topics and attend annual work planning meetings.
- A Forward Plan is in place setting out what consultation will be undertaken in advance of decisions being made, and with whom.
- The Council holds an Equality & Diversity “excellent” accreditation and Equality Impact Assessments (EIA’s) are completed for Council decisions. A register of EIA’s is in place and kept up to date. Equality & diversity training is mandatory for all staff.
- Equality, Diversity & Inclusion Policy Statement and Objectives reviewed by the Equality & Diversity Steering Group, and amended to ensure alignment with the Corporate Strategy.
- A communications strategy is in place.
- Customer feedback procedures are in place.

- Active engagement with employees takes place in several ways including through a bi-annual survey, regular employee briefings, the employee network, team meetings and through the Joint Union Consultation Forum.
- Employment policies are developed in consultation with staff and trade unions.
- Cross party working groups are operated as an additional measure which ensures engagement with a broad range of stakeholders on key Council decisions.
- Council meetings are live streamed and recordings are retained on the Council's website.
- Corporate Strategy Delivery Plan and Commercial Pillars in place, supported by Service Plans.

Effectiveness and future developments

The Council uses a range of approaches to engage with communities including through associations, forums, leafletting, parish councils, drop in events, Facebook, Instagram, Twitter, the website, surveys, and face to face. There is a contract with Language Line to support any face to face communication issues and the Council accesses the Warwickshire County Council interpretation and translation service to translate written documents. The Council is a partner of Warwickshire Insight Service which provides information and intelligence about Warwickshire and its people. The information provided was used to inform the Council's vision for Rugby Town Centre and to inform the development of the Corporate Strategy. The information is also used by the Community Safety Partnership and by staff when completing Equality Impact Assessments, which helps to ensure that decisions are taken after due consideration of the potential impacts across the community.

Rugby Art Gallery and Museum consults with audiences and community groups to ensure services are responsive to local needs and reflective of the local community. Rugby Art Gallery and Museum has long term partnerships with the Benn Partnership Centre and Age UK to engage socially isolated adults and adults living with dementia in creative and stimulating experiences. Activities are constantly adapted following participant feedback. Rugby Art Gallery and Museum has also partnered up with Warwickshire Pride to deliver an exhibition linked to local experiences.

The Council hosted the first ever Rugby Climate Summit with voluntary and community organisations, residents and businesses. It built and launched the Rugby Net Zero website, to host information for residents on tackling climate change, and has begun upskilling its workforce to deal with the climate emergency, for example through carbon literacy training. The Climate Emergency Working Group has also overseen development of a comprehensive Climate Strategy, ready for public consultation.

The Council also welcomed the Rugby Cycle Forum as an official partner of Rugby Net Zero. The forum brings together local cyclists, officers and Councillors from Rugby Borough Council and Warwickshire County Council and partners with the aim of making cycling safe, convenient and pleasant in and around Rugby.

Signposting has been provided for funding and training for residents and businesses via the RugbyNetZero website, to help support them towards reducing their impact on the environment and adapt to the consequences of climate change. A number of community toolkits will be added to the RugbyNetZero website during 2023/24. The Council has also engaged with local business both on an individual level and through networking events to better understand their needs in terms of addressing Climate Change and has utilised their feedback to inform a Business Climate Toolkit, which will be released in summer 2023.

The Council continued to engage with tenants to ensure that they can influence decisions which affect their homes. This was achieved through the tenants panel and through a new style tenant newsletter which was launched in the Summer. Targeted communications were also delivered to ensure that the full range of cost of living support which is available to residents and businesses is understood and shared. This includes a dedicated series of webpages to support residents who are at risk of financial difficulty, and a dedicated business advice page providing support and guidance on reducing energy costs and accessing funding.

In summer 2022 the Council held working groups with town centre stakeholders for markets, business support, events, public realm and town centre safety, to find out what interventions could be made in the town centre.

During the year the Council assisted the communities of Wolvey and Brinklow to help progress their neighbourhood plans. These plans now form part of the Council's Development Plan for the borough and their policies are used in decision making. The Council is also assisting Monks Kirby and Clifton-upon-Dunsmore Parish Councils on their neighbourhood plans as they progress through the process.

The Council developed a new communications and engagement strategy and tested it with the Management Team, to ensure that all services adopt consistent standards. Work also continued with the digital experience platform, which has recently seen a suite of waste services go live, such as this year's green waste subscriptions and the introduction of an FOI and Complaints case handling system, which has seen the target customer complaint response time reduced to 10 working days. The work continues so that the Council can develop website services to this platform, expanding the number of more efficient and streamlined services available to customers.

The first phase of a new Housing Management System was delivered during the year. As well as being more efficient as all customer information is readily accessible within one system, tenants can now carry out tasks such as checking their rent accounts online. The new system also gives the Council the opportunity to communicate with tenants in a variety of ways such as the text message survey option.

PRINCIPLE C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

Arrangements in place

- A Corporate Strategy is in place covering the period 2021-2024. This is given further context through the Corporate Strategy Delivery Plan, Town Centre Regeneration Plan, and the Climate Strategy.
- The Medium Term Financial Plan is regularly reviewed and updated, with the latest iteration presented to Cabinet in February 2023, covering the period 2023-26.
- New Medium Term Financial Strategy in place.
- Cabinet and Committee reports set out the potential impacts of changes on stakeholders.
- Strategic and operational risk registers are in place.
- The Council has declared a climate emergency and has committed to address its impact on the climate.
- The Council consults widely on its proposals considering the economic, social, and environmental impacts of plans, policies, and decisions.
- There is a clear vision for Rugby Town Centre, including an regeneration plan and marketing plan.
- All planning and development decisions are considered openly and transparently in terms of their economic, social, and environmental benefits and impacts.
- The Council is now a Carbon Literate Organisation (Bronze Award), and will be rolling out carbon literacy to the organisation.

Effectiveness and future developments

The Council has an objective to be a net zero organisation by 2030 and a number of actions have been delivered towards this during 2022/23 including:

- Developing and adopting a Climate Change Strategy and Action Plan – setting out the goals for 2030 and the initial actions required to achieve them.
- The Council has earmarked a £1m climate reserve in the General Fund and a further £0.1m in the Housing Revenue Account.
- Becoming a Carbon Literate Organisation, having achieved Bronze Award in 2022.
- Preparing a Climate Change Toolkit which will be included in the Councillors' induction programme. This toolkit provides learning and resources which can be shared with community groups, parish councils, businesses and residents.
- Progressing the partnership with Midlands Net Zero to identify opportunities for improving the energy efficiency of the Council's wider portfolio of properties, with a particular emphasis on the Town Hall, Rugby Art Gallery and Museum and the Hunters Lane depot.
- Commissioning the Energy Saving Trust to develop the fleet decarbonisation programme. Initial orders have been placed for electric vehicles, including a fully electric Mayoral Car.
- Embedding Climate Change and Environmental Risk Assessments into decision making processes and using them to ensure that decisions made by Cabinet and Council are made with full knowledge of their implications.
- Working closely with WRAP (The Waste and Resources Action Programme) to understand the best way to introduce weekly food waste collections. Initial calculations show that in doing so, the Waste service can be a carbon net zero operation.

- The Council's electricity is now supplied from 100% renewable green energy sources.
- Communal lighting areas continue to transfer to LED lighting, including the Rugby Art Gallery and Museum, John Barford car park, Town Hall Benn Hall, and the Council's street lighting.

The Council has enhanced the Parks Connector Network during the year, at Whitehall Recreation Ground, Freemantle Open Space, Apple Grove and Newbold Quarry. The Network aims to improve access to open spaces and provide a series of green travel corridors to promote walking and cycling. Green spaces, cycle lanes, parking and electric charging points have all been mapped into a single source of truth, providing accurate information to support green travel. This will be made available on the Council's website.

The Council's taxi licensing policy has been updated, requiring new vehicles to be low emission or ultra low emission from 2024. Requirements for car clubs on large apartment developments have also been introduced, to encourage modal shift and less reliance on the private car.

A project was part funded by the Council which has delivered huge improvements to the National Cycle Network Route 41, known as the 'Lias Line'. Costing around £5.1m, and delivered by Sustrans, the project has diverted 4.0km of the National Cycle Network off road and onto 4.2km of completely sealed off-road track. The project included a range of ecological enhancements with the help of local volunteers, creating new habitats making it an attractive green space to benefit both people and wildlife.

The Council has worked hard to reduce the impact of residents and businesses on the environment and help them adapt to the consequences of climate change. Outcomes against this objective include:

- As part of the Energy Company Obligation Scheme, the Council's energy company partner improved the thermal efficiency of 95 private sector homes with wall and loft insulation.
- 8,500 tonnes of dry recycling and 9,700 tonnes of organic recycling (garden and food waste) were collected. Over 22,000 households subscribed to the garden waste service.
- The Borough's overall recycling rate increased year on year from 43.2% to 46.4%.
- Residual black bin waste has fallen from 488kg in 2021/22 to 401kg per household in 2022/23; this equates to a 67% reduction in CO2 emissions.
- Growth in use of the Rugby Borough Council waste app, with 11,000 unique households having subscribed. The next phase will be to expand the information and services beyond waste and recycling.
- Over 22,000 households subscribed to the garden waste.
- As part of Sherbourne Recycling Limited, the Council has progressed the construction of a new Materials Recycling Facility. This state-of-the-art facility will enable the Council and partners to process dry mixed recycling more efficiently and to offer this service to commercial customers.

In 2022/23 the Council continued to invest in the mental health and wellbeing of residents and communities and the following outcomes were achieved to help close the health inequality gap:

- On Track, the Council's social inclusion team delivered youth clubs across Brownsover, Long Lawford and Hillmorton, supporting young people aged 10-19 with their physical and mental health.
- On Track secured external funding of £8,000 from the Police Crime Commissioner to deliver activities for young people to support mental health through engagement programmes.
- The Council secured the 3 year continuation of the Family Weight Management Service 'Changemakers', delivering healthy lifestyle advice to families across the whole of Warwickshire.
- There was continued promotion of Sky Blues in the Community, including their "Mentalk" sessions where Men are able to benefit from regular mental health support, physical activities and the chance to make new friends.
- The Council supported the Third Sector to provide additional advice and support regarding the cost-of-living crisis. This included supporting Community Organisations, including those managing and running premises so that they maximise support to local communities including the provision of warm hubs. Best practice was also shared with Community Associations enabling them to deliver localised projects, such as the Brownsover Winter Family Project, offering a hot meal and a warm space to do homework for families every evening. The Council also worked in partnership with Warwickshire County Council to investigate and where appropriate support cost of living related initiatives such as auto enrolment of children for free school meals, the Household Support Scheme and a Warwickshire Cost-of-living Summit. Bedworth, Rugby, and Nuneaton Citizens Advice (Brancab) were commissioned to support thousands of residents in tackling debt, maximising their income, accessing housing and many other

challenges. During 2022/23 2022 Brancab supported 4,450 Borough residents with 13,800 issues. During this time, they enabled Rugby residents to maximise their income by in excess of £3.5 million. Support for the Rugby Foodbank has also been quadrupled for 2023/24.

- The Council has also worked in partnership with the NHS to grant planning permission for a new 2-storey Endoscopy Facility at Rugby St Cross Hospital which when completed will provide increased health facilities for residents.

The Rugby Art Gallery and Museum had a successful year, hosting 21 exhibitions. A £0.050m grant was secured from Arts Council England which was used to host workshops with community groups across the Borough. A permanent gallery was created to celebrate some of the Rugby Collection pieces alongside a family friendly discovery zone. The 'Summer of Discovery' programme was launched, themed around STEAM (Science, Technology, Engineering, Art & Mathematics). Funding from The Royal Society's 'Places of Science' grant enabled 2,566 children to take part in a range of activities to over the summer, with a launch event where 811 people attended a live science show. A family event was hosted called 'Night at Your Museum', picking the theme of 'Comic Strips & Super Heroes'. The event was attended by 900 adults & children, who enjoyed meeting Optimus Prime & Bumblebee, local heroes from the fire and police service, super animals from Wildlife Displays, and building a UV city. A total of 8,616 visitors were welcomed to 'Every Object Tells a Story', which engaged local groups and people who told stories about local historic objects.

The Council continued to work closely with its external partners, developing and tailoring services to ensure local needs are met, with a focus on prevention and early intervention. The BEAM project (a social enterprise, to support people who are homeless or at risk of becoming homeless into training and employment) supported 9 highly vulnerable residents; 6 of these have now gone into work. Close links with the Department for Works and Pensions has resulted in an uplift of referrals into the scheme. The Rugby Art Gallery & Museum, and the Queen's Diamond Jubilee Leisure Centre, provided warm winter hubs. The 24/7 community alarm service for our older and more vulnerable residents supported 2,000 residents (1,400 within Council homes and 600 private subscribers). Technology is being upgraded to a digital cloud-based system that will enhance the service and increase resilience in the event of an emergency. The Rugby Lotto generated £0.031m of income for local voluntary and community groups and good causes during the year, and a 3 year extension to the Family Weight Management programme 'Changemakers' was secured, worth £0.513m. There were 270 referrals for young people in 2022/23 for completion of a 9 week family healthy lifestyle workshop, and 250 proactive visits were made to people's homes as the Council reached out to identify potential condensation and damp issues.

During the year the Council continued to support 16 clients through the housing Pathways programme to prevent repeat homelessness and rough sleeping. Three former Pathways clients, in need of intensive Housing Support, graduated to an introductory tenancy in social housing. The work of the PHIL (Preventing Homelessness Improving Lives) project has successfully been integrated into the business-as-usual work of the Housing Advice and Benefits Team, with the team continuing to prevent homelessness by identifying early warnings and providing advice and support to assist residents to stay in their current homes. During periods of extreme cold weather, the Council has activated the Severe Weather Emergency Protocol (SWEP) to offer additional support to rough sleepers during the winter. The Council continued to work closely with HOPE 4 and other voluntary and statutory agencies to tackle issues of homelessness within the borough – primarily through the work of the homelessness forum which ensures that the local response is co-ordinated and reactive to needs. Close work continued with private landlords to ensure that sufficient temporary accommodation was available to meet needs. The Council leases 38 properties, including 6 houses in multiple occupation, providing 31 bedspaces.

A number of key outcomes were delivered in line with the objective of supporting residents to lead active lives with high quality accessible green space and recreational facilities, including:

- The Queen's Diamond Jubilee Centre saw an average of 65,000 visits per month with residents able to swim, use the gym and access fitness classes.
- 372 hours of sports pitch hire was booked, supporting local community sport delivery on the Council's open space.
- The annual Rugby Sports Awards were hosted, including a total of £1,000 awarded to talented young people who are high performing in their respective sports.
- 1,750 people attended the National Playday with families enjoying free play activities at Whitehall Recreation Ground.
- The Apple Grove and Glaramara Play Areas were refurbished and opened in time for the Summer holidays, following a successful application for £0.100m of funding.
- Arnold St Pocket Park was regenerated, with more suitable planting put in place.

- The bandstand at Whitehall Recreation Ground has now been restored and is enhanced by new paths and ramps which ensure accessibility. New electric connections have been added with lighting and a power supply for events.
- 6,400 hours of volunteering on green spaces was delivered with a wide range of partners including Warwickshire Wildlife Trust, Rugby Wildlife Group, Butterfly Conservation, Rotary and the New Bilton Community Association.

The deconstruction of Rounds Gardens is underway, with the site expected to be cleared by the end of 2023. The Council continued investing in its housing stock, with 265 new energy efficient boilers fitted, 144 homes benefitting from disabled facility works, 143 new bathrooms and 50 new kitchens. Furthermore, the HEART project completed Disabled Facilities Grants for 46 households, worth £0.459m. These works will ensure that residents can remain living independently, and with dignity, in their current home.

Rugby was the first district or borough in the County to develop and go live with a procedure for ensuring speedy crisis payments to Ukrainian guests matched to sponsors. Furthermore, Rugby Art Gallery and Museum displayed a range of art, craft, personal stories and photographs from Ukrainian refugees living in Rugby. The Borough's Ukrainian visitors were welcomed to the Town Hall, following a service of remembrance and hope and marking the first anniversary of the war in Ukraine. Safety checks were completed for 112 homes for Ukrainian refugees accommodated under the government's scheme.

Following the COVID-19 pandemic food safety officers have been working hard to catch up and meet the standards set by the Food Standards Agency. The number of food businesses meeting the minimum legal standard is 95%, and those meeting the highest 5* standard is 75%. Approximately 800 nuisance complaints have been handled over the year with only a small number requiring formal action such as an abatement notice or prosecution, showing that systems and interventions are generally effective. The Council proactively addressed fly tipping with Community Wardens patrols, deployment of CCTV and working with partners such as Warwickshire Police. Up to quarter 3, the council had taken formal action against 55 fly tippers (warning letters, fixed penalty notices and prosecutions), had completed 3000 patrols, and deployed the CCTV 8 times with 28 site visits. Community Grant Funding of £0.010m was also secured from the Police Crime Commissioner to deliver targeted projects to reduce anti-social behaviour in the Borough.

PRINCIPLE D: Determining the interventions necessary to optimise the achievement of intended outcomes

Arrangements in place

- The Council manages performance through published local and management performance indicators; this enables intervention to be targeted where it is needed.
- The Corporate Strategy Delivery Plan and service plans are designed to ensure that the Council targets the actions necessary to deliver the Corporate Strategy.
- Strategic risk registers are in place for each strand of the corporate strategy, detailing the controls in place and the interventions planned to ensure delivery of objectives.
- There are eight distinct service areas each with a Chief Officer, and dedicated member portfolio holders aligned with these service areas.
- Committee and Cabinet reports set out the risks and options associated with decisions.
- Quarterly finance and performance reports are submitted to and reviewed by Cabinet.
- An annual budget report, and rent setting report, are submitted and there is an established budget setting and monitoring process, which the Council looks to improve year on year, with greater focus on ownership and accountability.
- The Medium-Term Financial Plan is regularly reviewed and updated, with the latest iteration endorsed by Cabinet in February 2023, covering the period 2023 to 2026.
- New Medium Term Financial Strategy in place.
- Approved Asset Management Strategy in place.
- The Council consults widely on its proposals considering the economic, social, and environmental impacts of plans, policies, and decisions.
- There is a Forward Plan of key decisions and scrutiny committee arrangements in place.
- A customer feedback procedure is in place.

- Programme Board in place to oversee delivery of the Corporate Strategy and Transformation Programme. Key corporate projects also have governance boards in place to provide oversight and ensure effective delivery.
- The Climate Strategy is supported by an action plan, setting out the goals to be reached by 2030 and the actions to achieve them.
- Financial regulations and instructions are in place.
- Bi-annual reports on treasury management activities are submitted to the Audit & Ethics Committee.

Effectiveness and future developments

Through an ambitious programme of transformation, the Council has been able to evolve its ways of working, deliver financial efficiencies and improve outcomes for our customers. As the transformation programme progresses further, these successes will provide the foundations for future projects and initiatives.

The Council is continuing to develop its digital platform for customer interaction, and during the pandemic has encouraged the use of this more efficient and effective platform rather than face to face visits to the Town Hall. The Council has pledged to improve the quality of its digital services and technology and is reshaping its capability to deliver that change. The Digital Strategy forms a road map of digital change and culture throughout the Council. By using the digital-by-default model, the Council will demonstrate how digital innovation, data and technology will help its services thrive. The strategy sets a clear vision and direction for how digital design, data and technology will support the Council's ambitions as a council to work differently, deliver the Corporate Strategy, and make lasting changes to how the Council meets more of its community's needs, quicker and more conveniently and making sure that it does so inclusively, leaving nobody behind in the process. The implementation of phase one of the digital experience platform has resulted in a new Customer Case Management Module, enabling Rugby Borough Council staff and customers to log and track issues via one portal. Phase two work is now underway to migrate website services to this platform and to expand the number of services available to both staff and customers.

There are a number of other areas where the Council intervened successfully during the year, including:

- Plans have been progressed for a new housing scheme at the former Biart Place site. This new development will deliver highly energy efficient social rented homes. The Council has chosen to make best use of new technology and will not be connecting the site to the gas grid. The new homes are predicted to attain an Energy Performance Certification of A, as opposed to E and F for the homes that they will be replacing.
- A new Climate Change and Sustainable Design and Construction Supplementary Planning Document (SPD) has been adopted. This guidance will support the implementation of sustainable developments within the Borough.
- The Council has worked in partnership with Warwickshire Wildlife Trust to secure funding which will carry out improvements as part of Dunsmore Living Landscapes of circa £0.040m for habitat improvements and develop wildflower rich grassland within the borough.
- The Council has retained the Gold award at Heart of England in Bloom for the 14th year running and was awarded a judges' discretionary award for its Grounds Maintenance service.
- The 3 Green Flag awards and Community award were retained, and another Green Flag Community award was added, recognising the well-managed parks and green spaces within the Borough.
- Improvement works were carried out within the Park Connector Scheme including walkways to and from, as well as within, Whitehall Recreation Ground, Apple Grove Play Area in Bilton Ward, Freemantle Open Space.
- An additional 100 trees were planted during the winter as well as identifying a suitable area for beginning to grow trees, which will then be available for planting around the borough.
- Through a partnership with Garden Organic, the Council is jointly developing landscaping and green space plans for the new development of social rented homes at the former Biart Place site.
- The Council has utilised Local Authority Delivery scheme funding to deliver energy efficiency measures to 41 homes, with 33 benefitting from solar PV, 5 having old storage heating systems replaced with air source heat pumps, and 3 receiving full loft insulation along with appropriate ventilation measures.
- An HRA Housing Climate Change reserve of £1m has been earmarked, as match funding, to support the Council's recent successful £1.1m bid to the national Social Housing Decarbonisation Fund. The

resulting project 2-year programme will ensure that 110 households will benefit from external wall insulation to their hard to heat homes.

- A new Economic Strategy is being progressed to help support local businesses and to drive investment. Marketing and branding work is being completed to promote the Town Centre and wider borough including an upgrade to The Rugby Town website, a new website for investors and greater presence and promotion across the social media channels.
- The Council is investing in business support by funding the Coventry and Warwickshire Growth Hub, to provide help and support to medium to large businesses in Rugby and across the region.
- The Council continues to work with the Chamber of Commerce to deliver targeted initiatives for businesses. A three year programme has delivered a growth accelerator, assisting 253 businesses and generating £0.468m of Gross Development Value. Start-up businesses have been supported through work with the Chamber of Commerce, which has assisted 350 residents and 84 Rugby based businesses assist with the challenges of starting and running a business.
- A joint study was commissioned with all local authorities across Warwickshire to review the current gaps in skills support to enable targeted support for underrepresented sectors. The findings of this study will inform commissioning of specific targeted support using funds from the UK Shared Prosperity Fund.
- The Council has secured £3m over 3 years of funding from the UK Shared Prosperity Fund (UKSPF). In year 1 the Council has committed £0.315m to improvement projects in the Town Centre.
- In February 2023 a new specialised market operator has been appointed to run the Rugby Outdoor Market with aims to increase the number of traders and widen the offer. New stalls have also been procured to improve the look of the market.
- The Rugby Town Centre Regeneration Plan has been adopted, which will provide a once in a generation change for the town centre. To deliver this strategy a £5m reserve has been created in order to pump prime the initial work. Further work is now underway on a delivery action plan to realise its vision.
- 2022/23 saw the return of regular spring and summer free town tours, coordinated by the Visitor Centre and led by the volunteer Rugby Town Guides. 26 Tours welcomed over 200 local residents, international and VIP visitors and local schools discovering Rugby and its heritage.
- The Council delivered a successful summer events programme with the return of the Cinema in the Park, Town Centre Beach and the Street Circus. 12 films were shown with over 4,500 tickets allocated and over 1,000 people attended the town centre beach.
- Over 1,000 hanging baskets were planted and nurtured, focussing on the Town Centre. Alongside this, 70 barrier troughs were planted, lining Corporation Street.
- The Council is leading a localised approach to levelling up, as it works with various agencies and voluntary and community sector partners to support the Benn and New Bilton Wards with the development of new area action plans.
- Planning permission for over 100 hectares of employment land has been delivered, and the Council has worked with the owners of strategic allocated employment sites to ensure that they are built out and provide jobs and opportunities for residents. All employment units are now built and occupied at Prologis, Ryton. Construction has also begun on the first two employment units by Tritax in South West Rugby.
- Over 1,500 new dwellings received planning permission across the Borough including 90 dwellings on an allocated rural housing site in Wolvey.
- On South West Rugby the first phase of housing for 210 dwellings and a primary school has been granted planning permission and The Homestead Link Road application has been submitted which will provide the highway infrastructure required to allow the south west allocation to be delivered.
- A new mixed use development for the partial demolition and rebuild of Rugby Central has been granted planning permission to kick off the vision for the town centre regeneration.
- The algorithm-based Rent Sense software has enabled the Council to target support to those tenants that are most likely to struggle to pay their rent.
- A successful application for grant funding was made to the Social Housing Decarbonisation fund – securing £1m for external wall insulation to 110 properties over the next 2 years.
- The Council reviewed the way it delivers Housing Advice and Benefits Support to ensure that ease of access for our customers is promoted. As a result of collaborative work with registered providers, the

number of customers on the housing waiting list reduced from 494 as at 1 April 2022 to 420 as at 31 March 2023

- The Council prevented 82 households from becoming homeless, supported another 124 households who were homeless and to whom a duty was owed into a home that meets their needs, and supported 76 households by offering them temporary accommodation whilst their homelessness application was progressed.
- 357 new claims for Housing Benefit and 1,287 applications for Council Tax reduction were processed during the year. The Council also supported 444 households to avoid crisis through the allocation of Discretionary Housing Payments.
- The Council Tax Energy Rebate was paid to over 36,000 households totalling over £5.4m in value, on time and with no extra resources.
- Covid pandemic support continued to be provided to business through payment of (Covid Additional Relief Fund (CARF) grants totalling £2.8m.
- The Council determined 1,138 planning applications in accordance with statutory time periods, ensuring that decisions are made efficiently to support economic growth.

PRINCIPLE E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

Arrangements in place

- Each member of the leadership team undertakes professional development appropriate to their role.
- The respective roles of the Chief Executive and Leader are clearly defined.
- The leadership team meets every week and Cabinet meets on a regular basis.
- Section 151 (Chief Finance and Performance) Officer, Monitoring Officer, and Senior Information Risk Owner (SIRO/ CIO – Chief Information Officer) are in post.
- The Constitution sets out roles and responsibilities and the Council's decision-making process. An approved scheme of delegation is in place, updated in December 2021.
- Contract Standing Orders and associated toolkits are in place and are designed to ensure procurement activity is cost effective and ethical.
- Registers of gifts, hospitality, and conflicts of interest in place.
- Gifts and hospitality policy in place.
- Protocol in place setting out the relationship between and roles of members and officers.
- Member training and development programme in place, including dedicated training for planning and licensing committee members.
- Thorough induction processes are in place for all new employees and members, linked to the corporate values.
- Job profiles clearly set out the responsibilities of officers throughout the organisation.
- HR and Learning and Development Strategies, and Corporate Learning Group in place.
- System of regular team meetings and one to one meetings between managers and staff.
- Employee health and wellbeing is actively promoted, and confidential employee counselling support is always available. Staff are encouraged to complete wellbeing action plans and discuss them with their line manager.
- A comprehensive suite of training and development courses is offered to all employees.
- All managers are expected to complete the "Way We Manage" training programme.
- Service Management Team in place.
- The Council has a comprehensive suite of HR policies covering employee capability, disciplinary, recruitment and selection, disciplinary and grievance, and flexible working.
- An established Corporate Apprenticeship Scheme is in place.
- Where projects are required, teams (squads) are put in place based upon the skills and experience available.
- The Council develops the capacity of community and voluntary groups to become more self-sufficient.
- The Council participates in the Local Authority Challenge.

- Officers are encouraged to subscribe to their relevant professional bodies. This is paid for and supports Continuing Professional Development of the workforce.

Effectiveness and future developments

Over 100 managers have completed the Council's "Way We Manage" corporate training programme. This is a significant investment in the workforce. The training includes governance issues such as financial management, performance management, health and safety and procurement procedures.

There has been a new intake of apprentices across multiple Council services, working in partnership with Warwickshire College.

The Council's suite of HR policies is currently undergoing review and update. The HR Strategy, which is also under review, is aligned with the corporate strategy and values and behaviours framework. There are six key principles set out within the strategy:

- Attract and retain a "CANDO" workforce.
- Develop leadership.
- Build workforce skills and capability.
- Nurture employee engagement and wellbeing.
- Continuous review of terms & conditions and remuneration; and
- Provide an excellent HR service.

A consistent format is in place for one to one meetings between managers and staff. A standard agenda is in use which enables staff development needs to be identified and addressed throughout the year rather than at six monthly or yearly intervals. Furthermore, the training material is aligned to corporate values. The content of the "Way We Manage" training programme is being reviewed to ensure it enables managers to have the right skills to drive excellence. The management training programme has also been extended to include a formal management qualification. The Council has also implemented a training programme – The Way We Work – for new employees to ensure they have all the information about the Council and the skills set to offer excellent services to customers.

The Council has an employee forum and appointed mental health first aiders. These people have been trained in how to spot the signs and symptoms of mental ill health and provide help on a first aid basis. In the same way as learning physical first aid, Mental Health First Aiders know how to recognise those crucial warning signs of mental ill health and feel confident to guide someone to appropriate support. This initiative encourages people to talk more freely about mental health, reducing stigma and creating a more positive culture.

Communication and engagement with employees has been increased through the management team, empowering the workforce to collaborate and take the lead on operational decision making. Employee briefings include a Question & Answer section, and a recent enhancement has led to these being more formally collated and responded to through the internal InTouch communication, enabling employees to see actions being taken as a result.

Council staff were again offered Flu vaccinations, helping to ensure that employees and services were protected through the winter period.

The Council rolled out the Rugby Blueprint in 2022/23. This supports the evolution of the Council's culture, providing a framework of how the organisation will become the best it can be, being more innovative, with empowered decision making at all levels. This includes communities, whom the Council will work with as equal partners to achieve their aspirations and collectively shape the borough and enhance local pride. Investment was also made in performance management, objective setting and coaching skills development training for all the Leadership Team and Management Team. This will support and enable the evolution of the organisation's culture, equipping managers with the skills to embed the Rugby Blueprint. The next steps will be for this training to be rolled out and embedded across all teams during the coming year.

A new member Learning & Development Policy was approved and implemented during the year. This introduced a new way of working for elected members. This overarching policy provides a comprehensive framework for Councillor training, ensuring they have the tools required to effectively carry out their roles.

A programme of upgrading and refreshing the town hall and satellite locations was implemented, improving the working environment for all staff. The opportunity was also taken to improve staff morale, better utilise space

and centralise teams that had been working in other buildings, thus reducing overheads. This included the relocation of the Property Repairs service hub, freeing up the Albert Street site to form part of the town centre regeneration plans.

PRINCIPLE F: Managing risks and performance through robust internal control and strong public financial management

Arrangements in place

- Risk management strategy in place, which was reviewed and updated during the year.
- Strategic and operational risk registers are in place; the strategic risk register is aligned with the corporate strategy.
- The Leadership Team, Audit & Ethics Committee, Cabinet, Strategic Risk Management Group, and the Health & Safety Committee, all oversee the risk management arrangements.
- The Health & Safety Committee comprises the entire Leadership Team and demonstrates that senior management is taking a lead in risk management.
- A regular risk assessment of the Council's financial reserves and balances is conducted. Key risks are identified, and potential financial impacts are quantified. Reserves are reviewed annually in the context of the risk assessments.
- The annual General Fund budget and level of Council Tax are set taking into account a Section 25 statement from the Chief Officer Finance & Performance on the robustness of estimates and adequacy of reserves.
- A Medium-Term Financial Plan is in place, with an updated version presented to Cabinet in February 2023.
- Updated Medium Term Financial Strategy in place.
- Financial information is published on a regular basis and established and embedded budget setting and monitoring procedures are in place.
- The Council has a 'No PO, no pay' policy in place.
- New financial regulations and instructions are in place.
- Cabinet and Committee system in place including a scrutiny committee and an Audit & Ethics Committee with independent Chair and Vice Chairs.
- Programme Board and project management framework in place.
- Training is provided to all members of the Audit & Ethics, Scrutiny, Planning and Licensing Committees to ensure that they are suitably skilled to carry out their role effectively. The training is also offered to other members who may be interested in taking up future roles on these Committees.
- Counter fraud strategy, fraud response plan and confidential reporting code in place.
- The internal audit service provides an independent and objective annual report and opinion.
- Chief Officers have all completed an annual return declaring that the control environment for their area of responsibility has been followed throughout the year and that the governance arrangements set out in this document are correctly stated.
- Service planning and Key Performance Indicators (KPIs) are developed in line with the Corporate Strategy.
- Performance data is reported quarterly to Cabinet.
- Data sharing protocols are in place where applicable.
- The Council has a track record of producing and publishing its accounts on time. External audits are also completed on time.
- Shareholders Committee in place to oversee the activity of the Joint Venture trading company and the Caldecott Group.

Effectiveness and future developments

The annual report of the Corporate Assurance and Improvement Manager provides a Substantial level of assurance that the Council has an adequate and effective control environment in place. The Internal Audit Service uses Risk Based Internal Auditing (RBIA), which is recognised as best practice. The work of internal audit is aligned closely with the aims and risk profile of the Council and the service is responsive to emerging issues and risks.

Key decisions are now being taken after formal consultation in relation to risk management, financial implications, legal implications, environmental implications and equality & diversity implications. These matters were already considered by report authors; however, the control is now enhanced because a wider group of key

officers now review each proposed decision prior to its submission for approval. This means the Council's decisions are now better informed, and that any significant risks can be documented and managed.

The Medium-Term Financial Strategy sets out the measures being taken by the Council to prepare as far as possible for the future. The Council has continued to implement policies to support its route to financial stability. This includes ongoing work to understand the costs of running the various services and the benefits to customers, ensuring that services are run efficiently and effectively. Significant change will be required to enable the Council to be financially self sufficient. A Programme Board has been established to oversee implementation of the work required, not just to ensure financial sustainability but to transform the way services are delivered for the benefit of residents.

Further improvements in the Council's health and safety governance and risk management arrangements have been implemented, overseen by a Committee, which meets formally every three months, and a new team structure. A health & safety digital 'SHE' system has been implemented, enabling staff to report incidents and concerns. Management of health and safety risk, monitoring and analysis now takes place all on the same system and there is additional oversight through the Management Team. The Safety & Resilience Team has also introduced a number of initiatives to promote, streamline and simplify the management of health and safety at including a safety hub, which is a one stop shop for health, safety and wellbeing information on Facebook. A digital e-learning Safety Videos platform system has also been implemented, featuring a suite of motivational training videos to help managers engage all staff. The Safety and Resilience team updated the Council's Emergency Plan, including further revision after exercises over the course of the year. The Council's Health and Safety Policy has also been revised, reflecting current best practice. The improved governance arrangements highlighted the need for a new Fire Prevention Plan, which is being developed. A staff training gap analysis has also been conducted, and this is being used to inform training plans for 2023/24.

The annual report of external audit for the 2021/22 financial year was reported to the Audit & Ethics Committee in December 2022. The report confirmed there were no significant weaknesses in the Council's governance, or its arrangements for securing economy, efficiency and effectiveness. The Value for Money opinion reported in May 2022, which covered the financial year ending 31st March 2021, highlighted that in common with the sector the Council needs to take further steps to secure its medium term financial sustainability. Proactive work has been undertaken and key decisions implemented include:

- The introduction of Planning Performance Agreements and widening the scope of pre-application advice brought in an additional £0.140m to the organisation.
- The Medium Term Financial strategy was updated and adopted for the period 1 April 2023- 31 March 2026 and demonstrates that the Council has plans in place to mitigate against its financial challenges.
- The introduction of the budget working group created focused strategic conversations to take place with key stakeholders to deliver the balanced budget.
- The use of savings delivery plans enabled stakeholders to understand the delivery of savings and the impact they have on service delivery.
- The Council collected 98% of Council Tax through the energy crisis and cost of living crisis.
- The Council consulted on a draft charging schedule to enable the introduction of a Community Infrastructure Levy (CIL). Adopting CIL will allow the Council to raise more money from new development to support improvements to local infrastructure.
- The £0.300m corporate savings target was achieved.
- A balanced budget has been set for 2023/24.
- Transformation projects have realised a cashable benefit of £0.286m in 2022/23 and a further £0.463m from April 2023. This includes procurement savings and ensuring that fees are set at levels which cover the costs of running services.
- Through the installation of a dedicated software package, the Council can now analyse service delivery and costs against all local authorities in the country.
- The Council Identified and launched 5 commercialisation pillars which provide a basis for understanding the organisation's appetite for commercial activity.
- 37 hours of finance training was delivered to Budget Managers to support them with delivering and demonstrating value for money within their service.

The Council is progressing implementation of the CIPFA Financial Management code, with oversight by the Budget Working Group. The Group reviews key financial information and oversees key strategic decisions. In

early 2023/24 an independent internal audit review of progress will be completed, and an updated action plan agreed.

During the year an additional layer of control was implemented in relation to contract exemption requests. The additional control adds a requirement to liaise with the Council's Procurement Officer prior to submission to the Monitoring Officer and s151 Officer; this ensures there is additional scrutiny and enables inappropriate requests to be identified and filtered out prior to the approval stage. Furthermore, an additional monitoring control was added, with procurement sample checking being completed to gain assurance that budget holders are obtaining and retaining evidence of supplier quotations.

During summer 2022 and with external support, the Leadership and Management Teams developed a new suite of KPIs, key statistics and performance measures which went live during Quarter 2. The measures were then presented to Cabinet as part of the Finance & Performance report for Quarter 3. In addition the Council has subscribed to CFO Insights which enables the Council to compare its performance across a whole range of areas to other Local Authorities. The next evolution, which is currently being progressed, is to establish a powerBI dashboard, which will make information more accessible and easier to understand and interpret. As part of the Corporate Strategy Delivery Plan for 2023/24, work will be completed to further embed the performance management methodology across the organisation. **See Action 4.**

The Council is embracing digital opportunities and nurturing a culture of innovation, and as part of this journey service areas worked collaboratively in the phase one go live of two new systems. New asset management and housing management systems were released, and work is now underway for the phase two development of both systems. These bring a modern and more integrated platform technology for the teams, whilst streamlining several teams' workloads. A new case management system has also been introduced which is being used to manage complaints and Freedom of Information requests. This system allows the Council to manage cases in a single system, with the Management Team able to take full responsibility for cases within their service areas. The take up of electronic delivery of council tax bills increased by 6%, taking the number of households receiving their bill this way to nearly 21,000 (41%).

The Council has adopted and implemented a new Member & Officer Protocol during the year. This is part of the journey of transformation and change in culture. The new protocol establishes key pillars in how members and officers can work together effectively. The implementation of this Protocol has included sessions with the Local Government Association.

An independent internal audit review of the Council's framework for risk management was completed in early 2023 and provided a Substantial level of assurance. The Risk Management Strategy has been updated and a strategic risk register is in place, aligned with the Corporate Strategy. The agendas for the Strategic Risk Management Group are being reviewed and updated, to ensure that meetings focus on strategic matters. It is acknowledged that some operational risk registers are overdue for review, this has been highlighted as a Corporate Strategy delivery action for 2023/24. **See Action 6.**

Following its introduction in 2022/23, the Terms of Reference for the Programme Board is being reviewed and updated, to ensure the framework for monitoring and oversight of delivery of the Corporate Strategy is efficient and effective. This includes a review of the framework for managing projects. A new framework is being developed and is expected to be rolled out by the new Corporate Strategy Delivery Unit in Summer 2023. **See Action 8.**

PRINCIPLE G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Arrangements in place

- A range of information is published including an annual report of internal audit, the financial statements, the annual report of the external auditor and this annual governance statement, which contains an action plan demonstrating a commitment to continuous improvement.
- All reports are subject to a robust internal review process to ensure they are presented in an understandable style.
- The performance information set out in the financial statements is prepared in consideration of the presentational approach adopted by other similar authorities.
- Performance data is reported to Cabinet and the Leadership Team, and is reviewed by the Scrutiny committee.

- In accordance with the Local Government Transparency Code there is an open data section on the Council's website which includes details of senior officer salaries.
- Details of delegated decisions taken by officers are published on the website.
- Independent scrutiny training has been provided to members, the Democratic Services team and the Leadership Team.
- Implementation of external audit recommendations is monitored by the Chief Finance and Performance Officer.
- Implementation of internal audit recommendations is monitored by the Corporate Assurance Manager & Transformation Lead, and reported to the Audit & Ethics Committee.
- The Corporate Assurance Manager & Transformation Lead is provided with direct unfettered access to the Chief Executive, and Chair and Vice Chairs of the Audit & Ethics Committee.
- The Council submits itself to external peer reviews including by the Local Government Association and has welcomed an equalities and diversity peer review and challenge.
- Regulation of Investigatory Powers Act (RIPA) policy in place.
- Invitations to tender are published along with the contracts register.
- The Council prepares and publishes an annual report setting out its achievements over the last year; this is reviewed and discussed by the Scrutiny Committee.
- Senior officers are members of and attend professional peer working groups. This helps to ensure continuous improvement and enables the Council to implement best practice.

Effectiveness and future developments

The Council's financial statements were again published on time and the annual report of external audit for the 2021/22 financial year confirmed there were no significant weaknesses in the Council's governance, or its arrangements for securing economy, efficiency and effectiveness. The Council's accounts were again approved earlier than most other organisations in the sector, and the draft statements for 2022/23 were published by the statutory deadline. The presentation of the Council's financial statements is designed to make them easy to read and for stakeholders to understand. The design of this annual governance statement is also intended to make it easy to read, and it has been prepared in line with good practice guidelines published by the Chartered Institute of Public Finance & Accountancy (CIPFA).

In March 2023 an independent External Quality Assessment of the Internal Audit service was completed and this confirmed the service is operating "in general conformance with the Public Sector Internal Audit Standards", the highest of three grades available. The assessment benchmarked the service against other Councils and confirmed Rugby Borough Council is above the sector average and was the highest of all Borough and District authorities reviewed by the assessor in 2022/23. The results have been evaluated and some further enhancements identified; these have been included within an updated Quality Assurance and Improvement Plan. **See Action 7.**

The Democratic Services team has been working with Lead Officers across the Council to improve the quality of report writing so that decision making is of the highest quality. A report writing protocol has been implemented. There is a requirement to complete a checklist confirming that all the relevant internal consultees have reviewed each decision making report. This means reports are being presented to members after formal consideration of risk management, financial, legal, equality and diversity, and environmental considerations. The Council is making better informed decisions as a result. The Forward Plan of decisions is being circulated to Lead Officers and Service Managers to ensure effective planning in advance.

The Chief Officer – Legal and Governance also developed a new Code of Corporate Governance (Internal Constitution) for the Council in 2022/23, which complements the Constitution. It will help to improve Officers' understanding of delegated decision making and increase awareness of and compliance with policies and procedures. The new Code has been approved by members and is being implemented.

6. PROGRESS ON DELIVERY OF LAST YEAR'S ACTION PLAN

	Improvement Action	Assessment of Progress
1	Develop and implement the new framework for performance management.	<p>In Progress</p> <p>During summer 2022 and with external support, the Leadership and Management Teams developed a new suite of KPIs, key statistics and performance measures which went live during Quarter 2. The measures were then presented to Cabinet as part of the Finance & Performance report for Quarter 3. In addition the Council has subscribed to CFO Insights which enables the Council to compare its performance across a whole range of areas to other Local Authorities. The next evolution, which is currently being progressed, is to establish a powerBI dashboard, which will make information more accessible and easier to understand and interpret. As part of the Corporate Strategy Delivery Plan for 2023/24, work will be completed to further embed the performance management methodology across the organisation.</p> <p>See Action 4 in the updated Action Plan.</p>
2	Implement the new Internal Constitution.	<p>Completed</p> <p>The new Internal Constitution has been approved and is being implemented from April 1st, 2023.</p>
3	Implement the CIPFA Financial Management Code action plan.	<p>In Progress</p> <p>The Council is progressing implementation of the Code, with oversight by the Budget Working Group. The Group reviews key financial information and oversees key strategic decisions. In early 2023/24 an independent internal audit review of progress will be completed, and an updated action plan agreed.</p>
4	Approve and implement the new Councillor Learning and Development policy.	<p>Completed</p> <p>The new policy has been approved by Council, and is being implemented.</p>
5	Complete the formal review and update of the Counter Fraud, Bribery and Corruption Strategy and the independent external review of the framework.	<p>Completed</p> <p>The independent external review has been completed and provided a Substantial level of assurance. The updated Strategy is set to be approved by the Audit & Ethics Committee in June 2023.</p>
6	Implement the action plan arising from the external Auditor's Annual Report on the Council.	<p>Completed</p> <p>The actions identified in the report have been delivered.</p>
7	Commission and complete the External Quality Assessment of the Internal Audit service.	<p>Completed</p> <p>The independent External Quality Assessment has been completed and concluded that the Internal Audit service is operating "in General Conformance" with the Public Sector Internal Audit Standards (the highest of three possible ratings).</p>
8	Deliver the updated Internal Audit Quality Assurance and Improvement plan.	<p>Completed</p> <p>This year's QAIP has been completed. Following the External Quality Assessment, a revised QAIP has been developed for delivery in 2023/24.</p>

7. UPDATED ACTION PLAN

	Action	Lead officer	Target completion date
1	Develop and implement the Anti-Fraud, Bribery and Corruption Action Plan.	Corporate Assurance Manager	31/03/2024
2	Implement the Action Plan arising from the internal audit review of Data Protection and Records Management.	Management Team	31/03/2024
3	Implement the Action Plan arising from the whistleblowing investigation.	Chief Officer Finance & Performance	31/12/2023
4	Complete the planned work to further embed the performance management methodology across the Council. This includes: <ul style="list-style-type: none"> development of a process for personal objective setting for all staff. ongoing review of the performance measures to ensure the framework remains fit for purpose. service managers being required to attend a Leadership Team where their performance is below target. regular review of performance by the Management Team. 	Chief Officer Finance & Performance	31/03/2024
5	Implement the revised CIPFA Financial Management Code Action Plan.	Chief Officer Finance & Performance	31/12/2023
6	Complete the review and update of Operational Risk Registers, ensuring that Service Managers effectively manage the risks in their area of responsibility.	Chief Officer Finance & Performance	31/03/2024
7	Implement the new Quality Assurance and Improvement Plan for the Internal Audit service.	Corporate Assurance Manager	31/03/2024
8	Implement the new project management methodology and Programme Board Terms of Reference.	Transformation Lead	30/09/2023

8. SUMMARY, CONCLUSION AND CERTIFICATION

- 8.1 Good governance is about running things properly. It is the means by which the Council shows it is taking decisions for the good of the people in the area, in a fair, equitable and open way. It also requires standards of behaviour that support good decision making – collective and individual integrity, openness, and honesty. It is the foundation for the delivery of good quality services that meet all local people’s needs. It is fundamental to showing public money is well spent. Without good governance the Council will struggle to deliver the outcomes set out in the corporate strategy.
- 8.2 This statement has been considered by the Audit & Ethics Committee, which was satisfied that it is an accurate reflection of the governance framework and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. Several future developments have been highlighted and these are specifically addressed within the Action Plan.
- 8.3 This year’s statement shows the governance framework has been maintained and in a number of areas improved during the year. The Council is satisfied that its overall governance framework provides a substantial level of assurance of effectiveness, although several further development areas have been highlighted. Delivery of the Action Plan will be monitored during 2023/24.
- 8.4 Our overall assessment is that the Annual Governance Statement is a balanced reflection of the governance environment and that an adequate framework exists within the Council to ensure an effective internal control environment is maintained. We are also satisfied that there are appropriate plans in place to address any significant governance issues and will monitor their implementation and operation.

Mannie Ketley – Chief Executive

Date: 28 September, 2023

Councillor Derek Poole - Leader of Rugby Borough Council

Date: 28 September, 2023

Glossary

Accruals Basis

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

Appointed Auditors

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

Balances

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

Business Rates

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

Capital Expenditure

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

Capital Financing Requirement

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

Capital Receipts

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

Carrying Amount

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

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the leading professional accountancy body for public services.

Code of Practice (the Code)

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

Collection Fund

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

Community Assets

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

Contingent Liabilities or Assets

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

Creditors

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

Current Service Cost

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

Current Value

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

Debtors

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

Defined Benefit Scheme

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

Department for Levelling Up, Housing and Communities (DLUHC)

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

Depreciation

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

Derecognition

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

Earmarked Reserves

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

External Audit

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

Fair Value

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

Finance Lease

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

Financial Instruments

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

Financial Regulations

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

General Fund

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

Heritage Asset

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

Housing Benefit

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

Housing Revenue Account (HRA)

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

Impairment

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

Infrastructure Assets

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

Intangible Assets

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

International Financial Reporting Standard (IFRS)

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

Inventories

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

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

Investment Properties

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

Liabilities

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

Market Value

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

Materiality

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

Medium Term Financial Strategy (MTFS)

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

Medium Term Financial Plan (MTFP)

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

Minimum Revenue Provision (MRP)

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

Net Book Value (NBV)

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

Net Debt

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

Net Realisable Value (NRV)

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

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

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

Operating Lease

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

Prior Period Adjustments

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

Property, Plant and Equipment (PPE)

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

Provisions

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

Related Parties

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

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

Reporting Standards

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

Reserves

Reserves are reported in two categories

Usable Reserves

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

Unusable Reserves

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

Revaluation Reserve

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

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

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

Section 106 (Developer) Contributions

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

Treasury Management

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

Treasury Management Strategy (TMS)

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

Unsupported (Prudential) Borrowing

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

Useful Life

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