Nuneaton and Bedworth Borough Council

Statement of Accounts 2021/22

Statement of Accounts

2021/22

Contents

Nuneaton & Bedworth
United to Achieve

Narrative Report

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

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

The Statement of Accounts have been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA), and in conjunction with the guidelines contained within the latest Code of Practice on Local Authority Accounting in the United Kingdom for 2021/22 (The Code). The Code is based on International Financial Reporting Standards (IFRS) and has been developed by the CIPFA/Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code Board overseen by the Financial Reporting Advisory Board.

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

The Statement of Accounts presents the financial position and performance of the Council for the year ended 31st March 2022. It also provides information to members of the public, including electors and residents of the Borough, Council members, partners, stakeholders, and any other interested parties that the public money with which the Council has been entrusted has been used and accounted for in a legal and responsible manner, and to give assurance that the financial position of the Council is both sound and secure. The narrative report details the following information and is structured as follows:

- An introduction and key facts about Nuneaton and Bedworth Borough Council
- The 2021/22 budget setting process
- 2021/22 capital programme
- Financial performance of the Council 2021/22
- Non-financial performance of the Council 2021/22
- Corporate risks
- Core financial statements
- Financial outlook

INTRODUCTION

The Council

Nuneaton and Bedworth Borough Council is located in a primarily urban area in the north of Warwickshire, covering approximately 78.95 km^2. It covers the two densely populated towns – Nuneaton and Bedworth, in addition to the village of Bulkington and some surrounding land. It has a population of approximately 130,000 *(source: Office of National Statistics)* and enjoys a central location at the heart of the midlands motorway network. The Borough borders Rugby to the east and North Warwickshire to the west. To the south it borders Coventry and the West Midlands, and to the north Hinckley and Bosworth Borough Council in the county of Leicestershire. Nuneaton and Bedworth has a rich and proud manufacturing heritage, mainly supporting the car industry and generating further economic growth in the Borough is recognised as the key priority to create future prosperity and employment opportunities for people, living, working, and visiting the Borough.

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

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

- 27 Conservative
- 5 Labour
- 2 Green

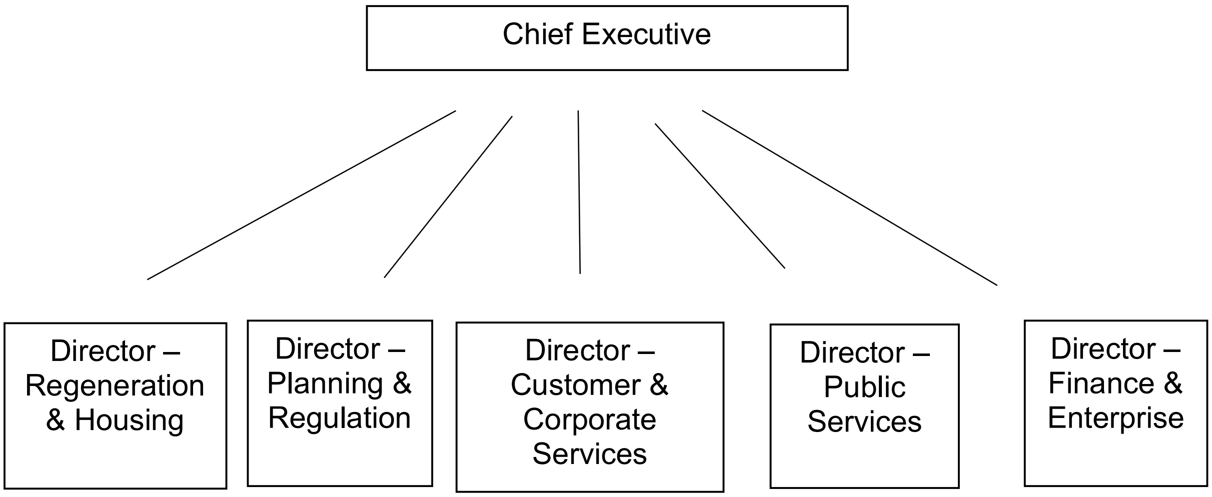
The Council has adopted the Leader and Cabinet model, as its political management structure arising from the Local Government and Public involvement in Health Act 2007. During 2021/22 the Leader of the Council and 5 other portfolio holders made up the Cabinet. The Cabinet members are held to account by a system of scrutiny which is also set out in the Council's constitution. There were three scrutiny panels during 2021/22 undertaking this role covering all the services provided by the Council. Councillor Kristofer Wilson was Leader for the 2021/22 municipal year.

The management structure supports the work of Councillors. The Management Team consists of the Chief Executive and five Directors, including those with statutory responsibility. For 2021/22 the Director – Planning & Regulation was the Council's Monitoring Officer, and the Director – Finance & Enterprise was the Council's Chief Finance Officer (Section 151 officer), who under statute is responsible for the administration of the Council's financial affairs.

The Management Team has overall responsibility for the delivery of council services, directing improvements and future plans for Nuneaton and Bedworth. It provides managerial leadership and supports Councillors in:

- Developing strategies and delivering plans
- Identifying and planning resources, and,
- Reviewing the Authorities effectiveness with the overall objective of providing excellent services to the public.

The organisation chart below shows the Management Team structure that was in place for 2021/22 with the Chief Executive leading the management team of the Council:



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

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

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

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

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

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

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

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

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

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

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

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

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

EXTERNAL INFLUENCES

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

- Change in consumer habits is affecting our Town Centres, and the same is being seen on a national level. Footfall continues to decline nationally and the decline of several major retailers in recent years and months will continue to create pressures on town centres both locally and nationally. Regeneration of both town centres in the Borough will be a priority for the Council in the short and medium term, with a particular focus on creating more mixed-use opportunities with less reliance on traditional retail.
- The national Welfare Reform agenda and the roll-out of Universal Credit continues to have a significant effect on our residents. We have seen an increase in our rent arrears and use of temporary accommodation, both of which have a financial impact on the council. We had already created a temporary accommodation facility in Bedworth and have now converted the Council House building into temporary accommodation, renamed Eaton House
- There continues to be uncertainty relating to the impact of UK's exit from the European Union, the Covid-19 pandemic and the cost-of-living crisis, and the economic impacts of these events both nationally and locally.

WHAT WE PLANNED TO SPEND

The 2021/22 Budget

- For 2021/22 the Council chose to increase its element of council tax overall by 2.1% and increase the charge to £243.66 for a Band D. Nuneaton and Bedworth Borough Council is the Billing Authority for the area and raises the council tax charges for Warwickshire County Council and Warwickshire Police and Crime Commissioner, both of which increased their elements of the council tax by 3% and 6.3% respectively.
- The overriding financial strategy was to protect frontline services and minimise the impact on staff where possible.
- The Housing Revenue Account budget approved for 2021/22 included an updated capital programme including provision for the acquisition and build of new properties to replace sales incurred under Right to Buy.
- The Council reviews its reserves regularly to ensure that it maintains sufficient reserves to manage risk.

Financial Monitoring

Revenue and capital budget monitoring information is reported regularly to Cabinet throughout the year, in addition to quarterly reports to each Overview and Scrutiny Panel on the finance and performance of services falling within their remit. In addition, detailed treasury management performance is reported quarterly to the Audit and Standards Committee with a mid-year review and an outturn report following the end of the financial year being submitted to Cabinet and Council. The Council is also a member of the Link Services investment benchmarking group, which has helped it to secure increased investment income during the year through meeting with other councils and comparing individual investment portfolios and returns.

FINANCIAL PERFORMANCE – WHAT WE ACTUALLY SPENT

General Fund Outturn Summary

The Council's budget, set in February 2021, was based on the spending plans required to deliver services to our residents. As the year progressed there were a number of changes in terms of those spending and income plans. In summary, the Council contributed £583k to balances compared to the budgeted contribution of £4k. A summary of the General Fund outturn for 2021/22 is shown in the table below:

	BUDGET 2021/22 £000	OUTTURN 2021/22 £000	VARIANCE 2021/22 £000
Portfolio Analysis:			
Business & Regeneration	1,916	1,664	(252)
Finance & Corporate	3,769	4,142	373
Health & Environment	2,888	2,645	(243)
Housing & Communities	1,330	1,688	358
Planning & Regulation	(942)	(621)	321
Public Services	8,381	7,834	(547)
Portfolio Total	**17,342**	**17,352**	**10**
Central Provisions	335	(59)	(394)
Depreciation & Impairment	(3,097)	(2,425)	672
Transfers To/(From) Reserves	(5,672)	(3,878)	1,794
Financing Of Capital Expenditure	1,594	1,978	384
PWLB Premiums & Discounts	21	21	-
Investment Income	(100)	(328)	(228)
Minimum Revenue Provision	478	478	-
External Interest Paid	468	393	(75)
Council Net Expenditure	**11,369**	**13,532**	**2,163**
Financed by:			
NBCC Council Tax Precept	(9,359)	(9,359)	-
New Homes Bonus	(851)	(851)	-
Other Government Grants	(1,468)	(1,250)	218
NBCC Share of Council Tax Surplus	57	120	63
Business Rates Retention	248	(2,775)	(3,023)
Total Funding	**(11,373)**	**(14,115)**	**(2,742)**
2021/22 Transfer from/ (to) General Fund Balances	**(4)**	**(583)**	**(579)**

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

General Fund Variances	**£'000**
Net Subsidy losses including significantly increased cost of temporary accommodation leading to losses in subsidy received from DWP	628
Losses in commercial income due to voids plus costs of NNDR and utilities	361
Increased contribution to earmarked reserves for Homelessness and Cemeteries for future service pressures	222
Net cost of salary savings and agency expenditure	99
Increased audit costs for Housing Benefits	79
Legal fees incurred in Development Control	75
Increased insurance costs	59
Increased Elections operations costs	57
An increase in transactional costs on credit cards and bank	36
Increased Corporate costs recharged to services	26
Other operational costs	26
Overspends/Losses in Income	**1,668**
Reduced depreciation across all Portfolio Services	-672
Increased income for Recycling offset by marginal increase in contract and operational costs	-259
Savings on Civic Hall due to use as vaccination centre	-220
Reduced Council Tax Support grants paid	-198
Covid-19 grant income for losses in income on car parks and markets plus emergency planning	-108
Recoverable legal fees increase in Council Tax and NNDR	-105
Community Recreation increased contract income plus reduced operational costs operational costs	-96
Savings/Increases in Income	**1,658**
Net Portfolio Variance	**10**
Reduced reserve contribution/increased drawdown for capital expenditure	2,178
Reversal of depreciation charged to services	672
Release of bad debt provisions	-394
Investment income gain, NABCEL increased dividend and reduced borrowing costs due to lower interest rates	-303
Increased Business Rates income due to S31 grants	-2,742
NET VARIANCE	**-579**

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

The General Fund also holds earmarked reserves of approximately £15.8m for future commitments and risk management purposes. This includes reserves to fund future capital replacements as well as a £3.1m reserve to manage fluctuations in business rates income, set aside from Section 31 grants received from Central Government to mitigate the substantial loss of income from business rates due to the additional reliefs that were granted to businesses during the Covid-19 pandemic. These losses will be charged to the General Fund over future years and this reserve will be used to cover these losses. These levels are considered prudent to ensure that the Council continues to deliver quality services to the residents of the borough.

Housing Revenue Account (HRA)

The HRA general balance as at 31st March 2022 is £4.2m which will support the HRA Business Plan in future years. There are also earmarked reserves of £5.3m, which are primarily to finance the HRA capital programme in the medium term and cover risk, and resources held in the Major Repairs Reserve of £2.1m which is ring-fenced for capital purposes.

For 2021/22 net expenditure in the HRA was £2.2m compared to a budgeted net expenditure of £2.7m, thereby resulting in a favourable variance of £0.5m. A summary of this compared with the approved budget is shown below:

	BUDGET 2021/22 £000	OUTTURN 2021/22 £000	VARIANCE 2021/22 £000
Expenditure			
Supervision & Management (General)	5,852	3,995	(1,857)
Supervision & Management (Special)	3,228	3,110	(118)
Repairs & Maintenance	5,198	5,602	404
Depreciation	8,681	8,774	93
Capital Expenditure	3,700	1,637	(2,063)
Interest Payable	2,086	1,914	(172)
Total Expenditure	**28,745**	**25,032**	**(3,713)**
Income			
Dwellings Rent Income	(23,380)	(23,437)	(57)
Interest Receivable	(7)	(6)	1
Non Dwelling Rent Income	(584)	(534)	50
Other Income (Services & Facilities)	(2,075)	(2,030)	45
Total Income	**(26,046)**	**(26,007)**	**39**
NET HRA Expenditure	**2,699**	**(975)**	**(3,674)**
Adjustments			
Voluntary Contributions to Major Repairs Reserve	0	1,970	1,970
Transfers to/(from) Earmarked Reserves	0	1,228	1,228
Total Adjustments	**0**	**3,198**	**3,198**
Net HRA	**2,699**	**2,223**	**(476)**

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

HRA Key Variances 2021/22	**£000**
Overspends/ Under-recovery of income	
Additional council tax payments on voids	92
An increased cost Independent Living due to increased cleaning materials (Covid), central control telephone service and security costs	101
Compensation payments	20
Additional contractor costs within repairs & maintenance for both gas & electricity	592
Reduced recoverable charges	41
Reduced Hostel rent due to covid	202
reduced Garage rents	62
Net other minor income variances	21
Subtotal	**1,131**
Underspends/ Over-recovery of income	
Interest payable below budget as new debt deferred due to capital slippage	(173)
Salary underspends across HRA (net of agency spend)	(525)
Reduced Grounds maintenance due to contract savings	(175)
Consultancy budget underspends as works deferred	(157)
Underspend on environmental improvements	(150)
Reduction in Bad Debt Provision	(1,084)
Reduced Utility costs	(54)
Reduced cost of legal services & court costs	(66)
Materials savings within repairs service	(64)
Reduced Insurance Claims	(32)
Reduced Publicity costs	(10)
Reduced telephony/broadband costs	(20)
Reduced bank charges	(12)
Green Homes grant	(6)
Increased Dwellings rent	(259)
Increased shop rent	(13)
Miscellaneous land sales	(10)
Net other minor expenditure variances	(25)
Subtotal	**(2,835)**
Capital Financing Items	
Increased depreciation charges *(depreciation charges are contributed to the Major Repairs Reserve and are ring-fenced for capital spend)*	93
Reduced capital spend financed by HRA revenue due to slippage	(2,063)
Voluntary contribution to Major Repairs Reserve to fund capital slippage in 2022/23	1,970
Subtotal	-
Increased contribution from Earmarked Reserves	1,228
Net Variance	**(476)**

2021/22 Capital Programme

During 2021/22 the Council spent £13.8m on General Fund capital expenditure and £17.4m through the Housing Revenue Account.

The major projects in the General Fund have been

- The Abbey Street regeneration project, phase 1 with in year costs of £2.4m.
- The Bridge Street regeneration project with costs totalling £2.4m
- Approximately £3.9m was spent as part of the HEART programme in delivering private sector home improvement grants across the county for which NBBC is the lead organisation.

The HRA capital programme focused on the ongoing improvement works to tenant's homes, in respect of kitchens, bathrooms, windows, doors, central heating and structural repairs, amongst others. A total of 16 new build properties were bought into use during 2021/22, with a further 2 properties acquired.

NON-FINANCIAL PERFORMANCE OF THE COUNCIL 2021/22

What we achieved during the year

The Delivering our Future Plan outlines the Council's strategic plan, themes, and priorities over the period up to 2022. The indicators are monitored regularly and are reported to Management Team, Cabinet and Overview and Scrutiny Panels.

During 2021/22 there were three Overview and Scrutiny Panels (OSP's) covering all services provided by the Council:

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

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

MEASURE	2020/21 PERFORMANCE (Target)	2021/22 PERFORMANCE (Target)
1. Business Improvement		
The percentage of complaints responded to within 10 days. This includes interim acknowledgement where the issue is not resolved in full.	97% (95%)	92% (95%)
Number of days lost per FTE due to absence:	2.77 days (3.50)	5.13 days (3.50)

MEASURE	2020/21 PERFORMANCE (Target)	2021/22 PERFORMANCE (Target)
- Short term absences - Long term illness - Total number of days	5.36 days (5.25) 8.13 days (8.75)	7.62 days (5.25) 12.75 days (8.75)
2. Planning and Environment		
Average time to process planning applications (days)	87.93 days (no target)	102.62 days (no target)
The percentage of household waste which has been sent by the Council for recycling / composting	36.20% (33-40%)	35.80% (33%)
3. Housing		
Relet of property end to end time (turn-round is measured "end to end" from keys received from out-going tenant to new tenancy date).	48 days (no target)	28 days (no target)
4. Finance		
Rent collection.	No data available due to replacement housing system.	94.60% (95.78%)
Council Tax collection.	97.23% (97-100%)	97.17% (97%)
Business Rates collection.	96.75% (98-100%)	97.26% (98%)
Speed of processing new benefits claims.	18.75 (22 days)	18.87 (22 days)
The percentage of Council owned commercial property that is occupied.	91% (95%)	91% (95%)

CORPORATE RISKS

The Council has an embedded process to manage risks and assist the achievement of its objectives, alongside many local performance targets. Risk is managed corporately through the Strategic Risk Register and Directors are responsible for managing their Operational Risk Registers. These risk registers play an integral role to support the production of the Corporate Plan, and is the methodology used for managing our risks. The Audit and Standards Committee reviews the strategic risk register to ensure that it adequately addresses the risks and priorities of the Council and also monitors the effective development and operation of risk management across the Council. Additionally, the Overview and Scrutiny Panels also receive quarterly reports on the strategic risk register as part of the integrated performance reports. The Council Strategic Risk Register identifies 19 ‘live risks’ with 3 being highlighted as ‘Red’ after mitigations. Of the remaining 16 risks, 4 are listed as ‘Amber’ (31%) and 12 ‘Green’ (53%).

COMMERCIAL ACTIVITY

The Council established a trading arm in 2013 – Nuneaton and Bedworth Community Enterprises Ltd (NABCEL). This was an element of the Council's long-term strategy to become self-financing and generate additional income that the council could use to protect priority services. The first business stream that NABCEL operated was rental of private rented properties at full market rent. The company now manages a growing portfolio of properties plus two Bed and Breakfast establishments and also undertakes property management, gas services and cleaning services. Further information on the turnover and costs of NABCEL can be found in note 36 page 86.

GOVERNANCE ARRANGEMENTS

The Council has an effective governance framework which is reviewed annually with an action plan being put in place to address any weaknesses. This action plan is reviewed quarterly by the Corporate Governance Group. More detailed information on the Council's governance arrangements can be found in the Annual Governance Statement on page 102 of these accounts.

THE FINANCIAL STATEMENTS

The Council's accounts for 2021/22 are set out on pages 22 to 101 and consist of the following:

- **The Core Financial Statements:**

  - ***The Comprehensive Income and Expenditure Statement*** – This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
    - A deficit of £11.0m on the provision of services is reported for 2021/22 compared to a deficit of £17.7m for 2020/21.

  - ***The Movement in Reserves Statement*** – This statement shows the movement in the year on the different reserves held by the Council (including both General Fund and HRA), analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.
    - The Movement in Reserves Statement shows a £1.6m decrease in usable resources for 2021/22. The balance of these usable reserves stood at £37.2m as at 31st March 2022.

  - ***The Balance Sheet*** – The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. Key items are:

- ***Long Term Assets*** – The Council holds property, plant and equipment assets of £292m (£275m in 2020/21) mainly due to Council Dwellings of £242m (£225m in 2020/21).
- ***Borrowing Facilities*** – The Council borrows funds where necessary to meet both long term capital expenditure commitments and short-term cash flow demands. Funds are mostly borrowed from the Government (Public Works Loans Board – PWLB) and from commercial money markets. The total borrowing at 31st March 2022 was £73.2m (unchanged from 2020/21).
- ***Pensions*** – The pension fund deficit has decreased in the year to £33m from £63m and is required to be shown on the Balance Sheet of the Council. The decreased deficit is in part due to investment returns being greater than expected.

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

- ***The Expenditure and Funding Analysis*** is actually a note to the accounts (Note 7) and not one of the core statements. This note takes the net expenditure that is chargeable to taxation and rents and reconciles it to the Comprehensive Income and Expenditure Statement. The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rent payers how the funding available to the Council (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by councils in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

- **Other Financial Statements:**

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

Main Changes to the Accounts 2021/22

There have been no changes to the disclosure requirements for the accounts in 2021/22.

RESPONSE TO THE CORONAVIRUS PANDEMIC

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

The Council has considered the nature and terms of the various COVID-19 measures in order to determine whether there is income and expenditure to be recognised in the Comprehensive Income and Expenditure Statement (CIES) in 2021/22 with regard to the general principle of whether the authority is acting as the principal or agent.

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

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

Where the Council has discretion over the businesses to support and the amount of the award, it is acting as a principal as opposed to acting as an agent, and transactions have been included in the financial statements. The following table summarises the position for each of the grant support schemes.

Grant	**Government Funding**	**Grants Paid**
	£000	**£000**
Small Business Grant Fund (to March 22)	17,994	17,417
Retail, Hospitality & Leisure Grant Fund (to March 22)	7,240	7,200
The Local Restrictions Support Grant (Closed)	6,951	4,384
Christmas Support Payments	38	29
Closed Business Lockdown Payment	4,689	2,871
Total Agent (BEIS)	**36,912**	**31,902**
Test & Trace Support Payment Scheme	358	139
Total Agent (DWP)	**358**	**139**
Additional Restrictions Grant (ARG) (March 22)	6,073	3,304
The Local Restrictions Support Grant (Open)	22	9
Total Principal (BEIS)	**6,095**	**3,313**

FINANCIAL OUTLOOK

General Fund

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

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

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

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

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

As a nation we are likely to feel the consequences of the COVID-19 pandemic, and the measures to contain and mitigate its effects, for years to come. The extraordinary events we are living through follow a decade of austerity, triggered by the financial crisis of 2008/09, which had already placed considerable strain on local authorities' finances. Social distancing measures remained for most of the financial year – impacting mainly on the Council's ongoing income receipts.

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

The uncertainties created by the pandemic have also significantly increased volatility and uncertainty in markets. This applies not only to non-current operational and non-operational property assets held by authorities, but also to investment properties, financial assets and many assets held by pension funds. In addition, the impact of the cost-of-living crisis will become more apparent in the coming year.

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

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

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

The Council has maintained adequate reserves to reflect the latest assessment of risks that it faces, and early budget planning ensures that a balanced position is maintained.
It is evident from both the financial and non-financial performance over the last 12 months that the Council continues to achieve its corporate priorities with reduced resources. However, as referred to previously, the long-term implications for the Council's finances and the overall community of Nuneaton and Bedworth from Covid-19 and the cost-of-living crisis will require the Council to consider a "new normal" when formulating budgets and remodelling it's Medium-Term Financial Plan.

Housing Revenue Account

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

Future Opportunities

- The Council will continue with its aim to become self-financing and NABCEL, as its trading arm, will be critical to achieving this.
- The Council is committed to continuing digital transformation of its services to allow customers to access services in a way that suits them. We continue to implement new self-service systems which will allow customers to access their own accounts online, check balances and pay bills as well as report changes in their circumstances. This will create capacity for our staff to provide more added value services to those that are in greatest need.
- The Council continues to be focused on the regeneration of its town centres. It has launched an ambitious 'Transforming Nuneaton' programme to develop and regenerate sites across the town centre with significant funding from the Government's 'Future High Streets' fund and Towns Fund secured to assist in the delivery of these regeneration schemes.

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

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

Statement of Responsibilities

Nuneaton and Bedworth Borough Council's Responsibilities

The Council is required to:

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

The Responsibilities of the Director of Finance & Enterprise

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

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

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

The Director of Finance & Enterprise has also:

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

CERTIFICATE OF DIRECTOR OF FINANCE & ENTERPRICE

The Statement of Accounts set out on pages 22 to 101 have been prepared in accordance with the Code. They present a true and fair view of the financial position of the Council at 31st March 2022 and of its expenditure and income for the year ended 31st March 2022.

Victoria Summerfield
Director of Finance & Enterprise

29th November 2024

APPROVAL OF THE ACCOUNTS

The Council formally approved this Statement of Accounts in accordance with the delegations approved at the meeting of the Audit & Standards Committee held on 12th November 2024.

Councillor J Bonner
Chair of Audit & Standards Committee

Date 29/11/2024

Comprehensive Income & Expenditure Statement

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

	Restated 2020/21				2021/22		
	Gross Expenditure £000	**Gross Income £000**	**Net Expenditure £000**		**Gross Expenditure £000**	**Gross Income £000**	**Net Expenditure £000**
Business & Regeneration	6,960	(2,126)	4,834		3,493	(1,634)	1,859
Finance & Corporate	35,154	(30,498)	4,656		32,687	(26,747)	5,941
Health & Environment	3,475	(718)	2,756		3,599	(784)	2,814
Housing & Communities	9,410	(3,147)	6,263		8,893	(2,898)	5,996
Housing Revenue Account	36,944	(25,884)	11,060		38,612	(25,921)	12,690
Planning & Regulation	1,447	(1,069)	378		1,963	(1,148)	816
Public Services	11,205	(3,155)	8,050		11,987	(3,699)	8,289
Cost of services	**104,595**	**(66,597)**	**37,998**		**101,234**	**(62,830)**	**38,405**
Other Operating Expenditure	584	(1,013)	(429)	Note 11	4,115	(2,645)	1,470
Financing & Investing Income & Expenditure	8,730	(1,945)	6,785	Note 12	10,643	(5,989)	4,654
Taxation & Non Specific Grant Income	9,903	(36,563)	(26,660)	Note 13	10,591	(44,073)	(33,481)
(Surplus) or Deficit on Provision of Services			**17,694**				**11,047**
(Surplus) or deficit on revaluation of Property, Plant & Equipment Assets				(19,042)			(27,767)
Remeasurement of the net defined benefit pension liability				12,557			(34,518)
Other Comprehensive Income & Expenditure				**(6,485)**			**(62,285)**
Total Comprehensive Income & Expenditure				**11,209**			**(51,238)**

***2020/21 figures have been restated due to changes in portfolios.**

Nuneaton & Bedworth

United to Achieve

Movement in Reserves Statement

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

Movement in Reserves Statement 2021/22

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance as at 31 March 21	**(19,862)**	**(10,535)**	**(4,100)**	**(1,612)**	**(2,630)**	**(38,739)**	**(141,324)**	**(180,063)**
Movement in reserves during 2021/22								
(Surplus) or deficit on the provision of services	(3,696)	14,743				**11,047**	-	**11,047**
Other Comprehensive Income & Expenditure	-	-	-	-	-	**-**	(62,285)	**(62,285)**
Total Comprehensive Income & Expenditure	**(3,696)**	**14,743**	**-**	**-**	**-**	**11,047**	**(62,285)**	**(51,238)**
Adjustments between accounting basis & funding basis under regulations (Note 9)	6,127	(13,748)	1,600	(452)	(3,025)	**(9,497)**	9,497	**(0)**
(Increase)/ Decrease in 2021/22	**2,432**	**995**	**1,600**	**(452)**	**(3,025)**	**1,550**	**(52,788)**	**(51,238)**
Balance as at 31 March 22	**(17,430)**	**(9,540)**	**(2,500)**	**(2,064)**	**(5,655)**	**(37,189)**	**(194,112)**	**(231,301)**
Adjustment for amounts earmarked for specific purposes (Earmarked Reserves - Note 10)	15,848	5,291						
Remaining Unallocated Balance as at 31 March 22	**(1,582)**	**(4,249)**						

Movement in Reserves Statement 2020/21

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance as at 31 March 20	(12,150)	(11,289)	(3,593)	(4,356)	(2,011)	**(33,399)**	(157,873)	**(191,272)**
Movement in reserves during 2020/21								
(Surplus) or deficit on the provision of services	5,643	12,051	-	-	-	**17,694**	-	**17,694**
Other Comprehensive Income & Expenditure	-	-	-	-	-	**-**	(6,485)	**(6,485)**
Total Comprehensive Income & Expenditure	**5,643**	**12,051**	**-**	**-**	**-**	**17,694**	**(6,485)**	**11,209**
Adjustments between accounting basis & funding basis under regulations (Note 9)	(13,355)	(11,297)	(507)	2,744	(619)	**(23,034)**	23,034	-
(Increase)/ Decrease in 2020/21	**(7,712)**	**754**	**(507)**	**2,744**	**(619)**	**(5,340)**	**16,549**	**11,209**
Balance as at 31 March 21	**(19,862)**	**(10,535)**	**(4,100)**	**(1,612)**	**(2,630)**	**(38,739)**	**(141,324)**	**(180,063)**
Adjustment for amounts earmarked for specific purposes (Earmarked Reserves - Note 10)	18,467	4,063						
Remaining Unallocated Balance as at 31 March 21	**(1,395)**	**(6,472)**						

Balance Sheet

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

31 March 21 £000		Notes	31 March 22 £000
271,840	Property, Plant & Equipment	14	289,463
1,165	Heritage Assets		1,165
28,122	Investment Property	15	28,506
1,162	Intangible Assets		1,107
-	Assets Held	14	-
1,889	Assets Under Construction	14	3,735
1,866	Long Term Investments	16	2,270
727	Long Term Debtors	16	2,504
306,771	**Long Term Assets**		**328,750**
15,033	Short Term Investments	16	28,049
111	Inventories		98
18,135	Short Term Debtors	22	13,253
9,391	Cash & Cash Equivalents	18	9,874
42,670	**Current Assets**		**51,274**
(471)	Short Term Borrowing	16	(8,971)
(23,290)	Short Term Creditors	23	(32,066)
(2,025)	Provisions	24	(2,024)
(25,786)	**Current Liabilities**		**(43,061)**
-	Long Term Creditors		-
(72,705)	Long Term Borrowing	16	(64,205)
(63,356)	Pensions Liability	41	(33,270)
(7,531)	Capital Grants Receipts in Advance	32	(8,185)
(143,592)	**Long Term Liabilities**		**(105,660)**
180,063	**Net Assets**		**231,302**
(38,739)	Usable Reserves	26	(37,188)
(141,324)	Unusable Reserves	27	(194,113)
(180,063)	**Total Reserves**		**(231,302)**

Cash Flow Statement

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

2020/21 £000			2021/22 £000
17,694	Net (surplus) or deficit on the provision of services		11,047
(43,667)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	Note 19	(42,887)
8,297	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	Note 19	12,917
(17,676)	Net cash flows from Operating Activities	Note 19	(18,923)
(1,769)	Investing Activities	Note 20	26,075
13,906	Financing Activities	Note 21	(7,635)
(5,539)	Net (increase) or decrease in cash & cash equivalents		(483)
3,852	Cash & cash equivalents at the beginning of the reporting period		9,391
9,391	**Cash & cash equivalents at the end of the reporting period**	Note 18	**9,874**

Notes to the Accounts

1) ACCOUNTING POLICIES

GENERAL PRINCIPLES

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

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

ACCRUALS OF INCOME AND EXPENDITURE

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

- Supplies are recorded as expenditure when they are consumed – where considered material, where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

CASH AND CASH EQUIVALENTS

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

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

EXCEPTIONAL ITEMS

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

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

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

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

CHARGES TO REVENUE FOR NON-CURRENT ASSETS

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

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

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

EMPLOYEE BENEFITS

Benefits Payable During Employment

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

Termination Benefits

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

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

Post-Employment Benefits – The Local Government Pension Scheme

Warwickshire County Council, the Administering Authority to the Warwickshire County Council Pension Fund instructed Hyman Robertson LLP, an independent firm of actuaries, to undertake pension expense calculations on behalf of Nuneaton & Bedworth Borough Council as at 31st March 2022.

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

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

- Liabilities are discounted to their value at current prices, using a discount rate as determined by the actuary (based on the indicative rate of return on high quality corporate bonds).

- The assets of the Warwickshire Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
  - Quoted securities – current bid price
  - Unquoted securities – professional estimate
  - Unitised securities – current bid price
  - Property managed funds – current bid price

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

- In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

- Further details of the estimation techniques and values attributed to the Pensions Liability can be found in note 41 on page 89 of these financial statements.

Discretionary Benefits

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

EVENTS AFTER THE BALANCE SHEET DATE

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

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

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

FAIR VALUE MEASUREMENT

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

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

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

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

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

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

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

FINANCIAL INSTRUMENTS

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

Financial Liabilities

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

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

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

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

Financial Assets

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

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

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

Financial Assets Measured at Amortised Cost

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

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

Expected Credit Loss Model

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

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

Financial Assets Measured at Fair Value through Profit or Loss

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

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

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

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

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

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

GOVERNMENT GRANTS AND CONTRIBUTIONS

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

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

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

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

Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

Council Tax and Non-Domestic Rates

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

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

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

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

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

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

INVESTMENT PROPERTY

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

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

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

LEASES

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

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

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

The Council as Lessee

Operating Leases

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

The Council as Lessor

Operating Leases

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

OVERHEADS AND SUPPORT SERVICES

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2021/22 (SeRCOP)*. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received.

PROPERTY, PLANT AND EQUIPMENT

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. De minimis levels of £5,000 for the General Fund and £10,000 for the Housing Revenue Account have been set as the materiality level for assets to be included in the Balance Sheet. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

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

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

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

- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

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

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

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

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

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

Impairment

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

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

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

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

Depreciation

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

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer. The depreciable value is deemed to be the total asset valuation less the value of the land.

- vehicles, plant, furniture and equipment – vehicles are depreciated on a straight-line basis to a residual resale value over a period of 5 to 7 years, computer hardware is depreciated over a period of 5 years on a straight-line basis to a nil residual value and other equipment is depreciated on a straight-line basis to a residual value over periods up to 10 years.

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

Component Accounting

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

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

Disposals and Non-Current Assets Held for Sale

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

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

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

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

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

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

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions

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

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

RESERVES

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund or Housing Revenue Account in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year and therefore impacts the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then reduced accordingly so that there is no net charge against Council Tax or housing rent for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies. Details can be found in note 27 on page 73.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

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

VAT

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

2) ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

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

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

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

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

3) CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

- Under the Business Rates Retention Arrangements Billing Authorities, acting as agents on behalf of the major preceptors (10%), Central Government (50%) and themselves (40%), are required to make provisions for refunding ratepayers who have successfully appealed against the rateable value of their properties on the Rating List. The Council has included a provision of £2.02m (£2.02m in 2020/21), which is our 40% share of the overall provision in the Business Rates Collection Fund of £5.03m (£5.06m in 2020/21).

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's Balance Sheet at 31st March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are detailed in the following table:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Depreciation of Property, Plant & Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance carried out on individual assets. The current economic climate reduces the certainty that the Council will be able to sustain its current spending on repairs and maintenance bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount on the asset falls. It is estimated that the annual depreciation charge for assets would increase by approximately £462k for every year that useful lives had to be reduced.
Valuation of Property, Plant & Equipment and Investment Property	Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate the value of its non-current assets.	A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the CIES. An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous downward revaluations to the CIES and / or gains being recorded as appropriate in the CIES. Depreciation charges for operational buildings will change in direct relation to changes in estimated current value.
Provision – Business Rates Appeals	The Council has made a provision in the Collection Fund of £5.03m (of which 40% is a liability for Nuneaton and Bedworth. It is based on an estimate of the success rate of the total appeals outstanding, including the backdated element.	A 10% increase in successful appeals above the estimated provision would increase the overall liability in the Collection Fund by approximately £505k. However, each appeal is of different value and has a different backdated element and one large appeal being successful could significantly increase the liability.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Arrears	At 31st March 2022, the total arrears from sundry debts stood at £1.58m. The outstanding debts are reviewed each year and a provision for bad debts is made, dependent on the age of the debt and if an arrangement is in place. However, this is only an estimate based on previous experience and the amount provided for may not be sufficient, particularly in the current economic climate. The ongoing economic impact of Covid-19 has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts.	If collection rates were to deteriorate, the provision included in the accounts would need to increase. As different categories of provision are used depending on the type and age of debt, it is not possible to estimate how much the provision may need to increase by. However, the total provision at 31st March 2022 is £364k and so a 25% increase would lead to additional provision of £91k.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Consulting actuaries are engaged to provide the Council with expert advice about the assumptions to be applied. The assumptions used can be found in note 41, page 89.	A 0.1% decrease in the Real Discount Rate used would increase the scheme liabilities by approximately £4.32m (2%) A one year increase in member life expectancy would increase the scheme liabilities by £9.72m (4%) A 0.1% increase in the Salary Increase Rate would increase the scheme liabilities by approximately £0.40m (0%) A 0.1% increase in the Pension Increase Rate (CPI) would increase the scheme liabilities by approximately £3.89m (2%)

5) MATERIAL ITEMS OF INCOME AND EXPENSE

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

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

Additionally, a £34.5m gain has been realised as a result of the remeasurement of the net defined benefit pension liability as at 31st March 2022 (in Other Comprehensive Income and Expenditure on the Comprehensive Income and Expenditure Statement). As at 31st March 2021, the Council had faced a £12.6m remeasurement loss.

6) EVENTS AFTER THE BALANCE SHEET DATE

From completing the draft 2021/22 financial statements in October 2022 and finalising the audit in November 2024, Nuneaton and Bedworth Borough Council has experienced subsequent events which are detailed below.

The recent years economic climate has seen high levels of inflation which caused issues for construction contracts across the country. This led to the initial outlined costs for the regeneration projects within the borough (Grayson place and Bedworth Physical Activity Hub) needing to be paused before finalising funding and a way to move forward. With the council previously receiving Future High Streets Funding, Town Deals and Levelling Up funding this led to us and 9 other local authorities being chosen for Pathfinder Pilot. The Pathfinder Pilot was to allow government to understand the impact of a simplified and consolidated funding model which allowed local authorities having greater ability to move funding between projects.

As a result of the Pathfinder Pilot this allowed the Council to continue with the regeneration projects which has now moved on considerably. The Co-Op building on Abbey Street and other smaller assets have been disposed of to pave way for the completion of the hotel, the first stage of the regeneration project known as Grayson Place. The construction was completed and opened in Autumn 2024 with Hampton by Hilton operating the hotel.
The second phase of the regeneration programme is being finalised with groundworks having started October 2024. The finalised programme will see a cinema, food hall, college building, car park and public realm added to the town centre with expected completion to be during 2025/26.

The new Bedworth Physical Activity Hub project started Autumn 2024. This will bring a new and improved leisure centre alongside an all-weather pitch and car parking facilities for members of the public to utilise.

- Phase 1 is scheduled to be finalised in Spring 2026 which will be the completion of the leisure centre.
- Phase 2 will follow with the groundworks of the adjacent park and all-weather pitch being finalised.
- The final phase 3 will see the demolition of the old leisure centre and the finalisation of the car park for accessibility to the new centre.

Since 2021/22 the Civic Hall stopped operating as a council service and has now been leased to a community group known as the Bedworth Civic Hall Incorporated Organisation (CIO). This followed a lengthy consultation period to find the suitable operator which allowed the Council to ensure an efficient and viable takeover occurred, authorising the CIO to operate the venue from September 2024.

Finally, there was a change in personnel in June 2024 with Tom Shardlow now becoming the new Chief Executive of the Council. This internal appointment came as a result of the previous Chief Executive, Brent Davis retiring after 25 years with Nuneaton and Bedworth Borough Council.

7) EXPENDITURE AND FUNDING ANALYSIS

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

2020/21 (Restated)				2021/22		
Net Expenditure Chargeable to the General Fund & HRA Balances (Note 7a)	**Adjustments between the Funding & Accounting Basis (Note 7b)**	**Net Expenditure in the Comprehensive Income & Expenditure Statement**		**Net Expenditure Chargeable to the General Fund & HRA Balances (Note 7a)**	**Adjustments between the Funding & Accounting Basis (Note 7b)**	**Net Expenditure in the Comprehensive Income & Expenditure Statement**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
1,625	(2,930)	**(1,305)**	Business & Regeneration	1,446	413	**1,859**
4,773	268	**5,041**	Finance & Corporate	4,116	1,825	**5,941**
2,415	302	**2,717**	Health & Environment	2,455	359	**2,814**
1,218	(50)	**1,168**	Housing & Communities	1,277	4,718	**5,996**
(3,011)	26,193	**23,182**	Housing Revenue Account	(913)	13,603	**12,690**
514	98	**612**	Planning & Regulation	426	390	**816**
6,522	61	**6,583**	Public Services	5,867	2,421	**8,289**
14,056	**23,942**	**37,998**	**Net Cost of Services**	**14,676**	**23,730**	**38,406**
(21,071)	767	**(20,304)**	Other Income & Expenditure	(11,249)	(16,108)	**(27,357)**
(7,015)	24,709	**17,694**	**Surplus or Deficit**	3,427	7,621	**11,048**
(23,382)			**Opening General Fund & HRA Balances**	(30,397)		
(7,015)			**Less/ Plus Surplus or (Deficit) on General Fund and HRA Balance in Year**	3,427		
(30,397)			**Closing General Fund & HRA Balance in Year ***	(26,970)		

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

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

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

2020/21 Restated*	Amounts as Reported for Resources Management	Removal of Depreciation reported at Portfolio Level	Removal of Earmarked Reserve Movements as not chargeable to Balances	Other Amounts Transferred between Net Cost of Services and Other Income & Expenditure per CIPFA Code	Net Expenditure Chargeable to the General Fund & HRA Balances per the EFA
	£000	**£000**	**£000**	**£000**	**£000**
Business & Regeneration	1,954	(458)	129	-	**1,625**
Finance & Corporate	4,627	(4)	(174)	324	**4,773**
Health & Environment	2,645	(233)	3	-	**2,415**
Housing & Communities	1,487	(118)	(152)	-	**1,217**
Housing Revenue Account	289	-	-	(3,300)	**(3,011)**
Planning & Regulation	(610)	-	(18)	1,142	**514**
Public Services	8,123	(1,630)	29	**-**	**6,522**
Net Cost of Services	**18,516**	**(2,443)**	**(183)**	**(1,834)**	**14,056**
Other Income & Expenditure	(18,326)	2,443	(7,022)	1,834	**(21,071)**
(Surplus) or Deficit	**190**	**-**	**(7,205)**	**-**	**(7,015)**

*2020/21 figures have been restated due to changes in portfolios.

7b – Adjustments between accounting and funding basis

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

2020/21 Restated*	Adjustments for Capital Purposes	Net Changes for the Pension Adjustment	Other Adjustments	Total Adjustments Between Funding & Accounting Basis
	£000	**£000**	**£000**	**£000**
Business & Regeneration	(2,996)	57	9	(2,930)
Finance & Corporate	4	178	86	268
Health & Environment	233	57	12	302
Housing & Communities	(156)	88	18	(50)
Housing Revenue Account	26,110	83	-	26,193
Planning & Regulation	-	81	17	98
Public Services	(210)	241	30	61
Net Cost of Services	**22,985**	**785**	**172**	**23,942**
Other Income & Expenditure	(4,461)	1,143	4,085	767
Total Adjustments	**18,524**	**1,928**	**4,257**	**24,709**

*2020/21 figures have been restated due to changes in portfolios.

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

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

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

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

7c – Segmental Income

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

2020/21 Restated* £000		2021/22 £000
	Income from Services:	
(1,084)	Business & Regeneration	(1,332)
(616)	Finance & Corporate	(736)
(510)	Health & Environment	(569)
(2,179)	Housing & Communities	(1,468)
(25,804)	Housing Revenue Account	(25,737)
(2,486)	Planning & Regulation	(2,649)
(2,537)	Public Services	(3,046)
(35,216)	**Total**	**(35,537)**

*2020/21 figures have been restated due to changes in portfolios.

8) EXPENDITURE AND INCOME ANALYSED BY NATURE

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

2020/21 £000		2021/22 £000
	Expenditure:	
19,728	Employee benefits expenses	22,078
27,835	Housing Benefit payments	25,727
30,532	Other service expenses	26,914
32,300	Depreciation, amortisation, impairment & revaluations	30,437
3,493	Interest payments	3,605
9,903	Precepts and levies	10,591
584	Payments to the Housing Capital Receipts Pool	584
0	Loss on Disposal of Assets	886
124,375	**Total Expenditure**	**120,822**
	Income:	
(35,216)	Fees, charges and other service income	(36,976)
(196)	Interest and investment income	(661)
(18,494)	Income from Council Tax, Non Domestic Rates	(12,525)
(25,712)	Government Grants (Housing Benefit)	(23,868)
(26,050)	Other grants and contributions	(35,745)
(1,013)	Gain on Disposal of Assets	0
(106,681)	**Total Income**	**(109,774)**
17,694	**(Surplus)/ Deficit on the Provision of Services**	**11,047**

9) ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

	Usable Reserves				
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied
	£000	£000	£000	£000	£000
2021/22					
Adjustments to the Revenue Resources					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure					
Pensions costs (transferred to (or from) the Pensions Reserve)	(3,475)	(957)	-	-	-
Financial instruments (transferred to the Financial Instruments Adjustments Account)	21	-	-	-	-
Council Tax and NDR (transfers to or from Collection Fund Adjustment Account)	3,790	-	-	-	-
Holiday Pay (transferred to the Accumulated Absences Reserve)	179	67	-	-	-
Equal pay settlements (transferred to the Unequal Pay/ Back Pay Account)	-	-	-	-	-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	3,184	(27,653)	-	-	(14,665)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to the movement in fair value in investments classified as Fair Value through Profit & Loss	327	-	-	-	-
Total Adjustments to Revenue Resources	**4,026**	**(28,543)**	**-**	**-**	**(14,665)**
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	230	2,415	(2,645)	-	-
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-	-	-	-	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(584)	-	584	-	-
Posting of HRA resources from revenue to the Major Repairs Reserve	-	10,744	-	(10,744)	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	478	-	-	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,978	1,637	-	-	-
Total Adjustments between Revenue and Capital Resources	**2,101**	**14,796**	**(2,060)**	**(10,744)**	**-**
Adjustments to Capital Resources					
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	3,660	-	-
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	10,292	-
Application of capital grants to finance capital expenditure	-	-	-	-	11,640
Cash payments in relation to deferred capital receipts	-	-	-	-	-
Total Adjustments to Capital Resources	**-**	**-**	**3,660**	**10,292**	**11,640**
Total Adjustments	**6,128**	**(13,748)**	**1,600**	**(452)**	**(3,025)**

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2020/21	**Usable Reserves**				
	General Fund Balance £000	**Housing Revenue Account £000**	**Capital Receipts Reserve £000**	**Major Repairs Reserve £000**	**Capital Grants Unapplied £000**
Adjustments to the Revenue Resources					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
Pensions costs (transferred to (or from) the Pensions Reserve)	(1,205)	(723)	-	-	-
Financial instruments (transferred to the Financial Instruments Adjustment Account)	21	-	-	-	-
Council Tax and NDR (transfers to or from Collection Fund Adjustment Account)	(5,534)	-	-	-	-
Holiday Pay (transferred to the Accumulated Absences Reserve)	(110)	(65)	-	-	-
Equal pay settlements (transferred to the Unequal Pay/ Back Pay Account)	-	-	-	-	-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(10,907)	(21,855)	-	-	(1,661)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to the movement in fair value in investments classified as Fair Value through Profit & Loss	(13)	-	-	-	-
Total Adjustments to Revenue Resources	**(17,748)**	**(22,643)**	**-**	**-**	**(1,661)**
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,909	1,098	(3,007)	-	-
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-	(7)	7	-	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(585)	-	585	-	-
Posting of HRA resources from revenue to the Major Repairs Reserve	-	9,846	-	(9,846)	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	428	-	-	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	2,641	409	-	-	-
Total Adjustments between Revenue and Capital Resources	**4,393**	**11,346**	**(2,415)**	**(9,846)**	**-**
Adjustments to Capital Resources					
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	1,922	-	-
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	12,590	-
Application of capital grants to finance capital expenditure	-	-	-	-	1,042
Cash payments in relation to deferred capital receipts	-	-	(14)	-	-
Total Adjustments to Capital Resources	**-**	**-**	**1,908**	**12,590**	**1,042**
Total Adjustments	**(13,355)**	**(11,297)**	**(507)**	**2,744**	**(619)**

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

General Fund Balance

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

Housing Revenue Account Balance

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

Major Repairs Reserve

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

10) EARMARKED RESERVES

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

Balance at 31 March 21 £000		Balance at 31 March 22 £000
	General Fund Earmarked Reserves	
3,985	Risk Based Reserves	5,611
3,432	General Revenue Reserves	3,989
4,154	Capital Earmarked Reserves	2,585
1,509	Financial Planning Reserve	599
5,387	Collection Fund Timing	3,064
18,467	Total General Fund	**15,848**
	Housing Revenue Account Earmarked Reserves	
350	Risk Based Reserves	350
381	General Revenue Reserves	1,609
3,332	Capital Earmarked Reserves	3,332
4,063	**Total Housing Revenue Account**	**5,291**

11) OTHER OPERATING EXPENDITURE

2020/21 £000		2021/22 £000
584	Payments to the Government Housing Capital Receipts Pool	584
(1,013)	(Gains)/ losses on the disposal of non-current assets	886
(429)	**Total**	**1,470**

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12) FINANCING AND INVESTING INCOME AND EXPENDITURE

A breakdown of total income and expenditure in relation to investment properties, which includes gains or losses on revaluation, can be found in note 15 to the accounts, page 59.

2020/21 £000		2021/22 £000
2,361	Interest payable & similar charges	2,307
1,132	Net interest on the net defined benefit pension liability	1,298
(196)	Interest receivable and similar income	(661)
3,488	Income & expenditure in relation to investment properties and changes in their fair value	1,710
6,785	**Total**	**4,654**

13) TAXATION AND NON-SPECIFIC GRANT INCOME

2020/21 £000		2021/22 £000
(9,077)	Council tax income	(9,414)
	Non domestic rates	
(9,417)	Billing authority share of income	(13,702)
9,414	Tariff payment to Central Government	9,414
489	Levy on growth	1,177
(6,504)	Section 31 Grants from Central Government	(4,190)
	Non-ringfenced government grants:	
-	Revenue Support Grant	
(2,768)	MHCLG - Covid Support	(1,241)
(1,622)	New Homes Bonus	(851)
(1,652)	Disabled Facilities Grant	(1,652)
(140)	Other	(8)
	Ringfenced government grants:	
(1,000)	Towns Fund	(1,161)
(638)	Green Homes	(976)
(500)	Warwickshire County Council	0
(441)	Homes England	(188)
(104)	Other Local Authorities	(791)
(2,292)	Local Authority Contributions for HEART	(2,669)
-	Future High Street Fund	(6,607)
(408)	Other Capital grants & contributions	(620)
(26,660)	**Total**	**(33,481)**

14) PROPERTY, PLANT AND EQUIPMENT

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or Valuation								
At 1 April 2021	224,708	45,663	13,364		126	-	1,889	285,750
Additions	18,070	143	840	277	-	-	1,846	21,176
Accumulated Depreciation and Impairment to Gross Carrying Acount	(8,398)	(355)	-	-	-	-	-	(8,753)
Revaluation increases / (decreases) recognised in the Revaluation Reserve	26,681	872	-	-	2	212	-	27,767
Revaluation increases / (decreases) recognised in the Surplus / Deficit on Provision of Services	(16,600)	50	-	-	-	-	-	(16,550)
Derecognition - disposals	(2,603)	(83)	(466)	(199)	-	-		(3,351)
Assets reclassified (to) / from Investment Properties	-	-	-	(870)	-	979	-	109
Other movements in Cost or Valuation	-	-	-	-	-	-	-	-
As at March 22	**241,858**	**46,290**	**13,738**	**-792**	**128**	**1,191**	**3,735**	**306,148**
Accumulated Depreciation & Impairment								
At 1 April 2021	-	(2,288)	(10,722)		(48)	-	-	(13,058)
Depreciation charge	(8,433)	(1,441)	(931)	(55)	-	-	-	(10,860)
Accumulated Depreciation written off to Gross Carrying Amount	8,398	355	-	-	-	-	-	8,753
Accumulated Impairment written off to Gross Carrying Amount	-	-	-	-	-	-	-	-
Impairment losses recognised in the Revaluation Reserve	-	(38)	-	-	-	-	-	(38)
Impairment losses recognised in Surplus/Deficit on the Provision of Services	-	(72)	-	-	-	-	-	(72)
Derecognition - disposals	35	19	378	1,893	-	-	-	2,325
Assets reclassified (to) / from Investment Properties	-	-	-	-	-	-	-	-
Other movements in Depreciation and Impairment	-	-	-	-	-	-	-	-
At 31 March 2022	**-**	**(3,465)**	**(11,275)**	**1,838**	**(48)**	**-**	**-**	**(12,950)**
Net Book Value								
at 31 March 2021	224,708	43,375	2,642	1,037	78	0	1,889	273,729
at 31 March 2022	**241,858**	**42,825**	**2,463**	**1,046**	**80**	**1,191**	**3,735**	**293,198**

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Comparative Movements in 2020/21:

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
at 1 April 2020	210,647	64,693	12,934	6,541	349	2,416	**297,580**
Additions	13,132	2,669	520	-	-	1,565	**17,886**
Accumulated Depreciation and Impairment to Gross Carrying Acount	(9,148)	(14,425)	-	-	-	-	**(23,573)**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	22,250	(2,759)	-	-	-	-	**19,491**
Revaluation increases / (decreases) recognised in the Surplus / Deficit on Provision of Services	(13,529)	(2,578)	-	-	-	-	**(16,107)**
Derecognition - disposals	(736)	(759)	(90)	(1,521)	-	-	**(3,106)**
Assets reclassified (to) / from Investment Properties	-	(1,178)	-	-	(223)	-	**(1,401)**
Other movements in Cost or Valuation	2,092	-	-	-	-	(2,092)	**-**
At 31 March 2021	**224,708**	**45,663**	**13,364**	**5,020**	**126**	**1,889**	**290,770**
Accumulated Depreciation & Impairment							
At 1 April 2020	(1,036)	(15,326)	(9,195)	(4,698)	(104)	-	**(30,359)**
Depreciation charge	(7,963)	(1,763)	(1,239)	(155)	-	-	**(11,120)**
Accumulated Depreciation written off to Gross Carrying Amount	8,978	1,683	-	-	-	-	**10,661**
Accumulated Impairment written off to Gross Carrying Amount	170	12,691	-	-	-	-	**12,861**
Impairment losses recognised in the Revaluation Reserve	-	(12)	-	-	-	-	**(12)**
Impairment losses recognised in Surplus/Deficit on the Provision of Services	(170)	(53)	(378)	-	-	-	**(601)**
Derecognition - disposals	21	139	90	870	-	-	**1,120**
Assets reclassified (to) / from Investment Properties	-	353	-	-	56	-	**409**
At 31 March 2021	-	(2,288)	(10,722)	(3,983)	(48)	-	**(17,041)**
Net Book Value							
at 31 March 2020	209,611	49,367	3,739	1,843	245	2,416	267,221
at 31 March 2021	**224,708**	**43,375**	**2,642**	**1,037**	**78**	**1,889**	**273,729**

Depreciation

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

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

Capital Commitments

Approximately £2.7m of minimum contract amounts are committed for future years. These are for contracts in place as at 31st March 2022 and relate to HRA council dwellings and include works to maintain decent homes, re-roofing works, upgrading/ replacement of fire doors and heating installations. This can be analysed by financial years of:

- 2022/23 : £1.2m
- 2023/24 : £1.5m

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

Revaluations

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

All of the council housing stock has been revalued as at 31st March 2022 by an external valuer (Savills).

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

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

The effective date of all revaluations was 31st March 2022.

The significant assumptions applied in estimating the fair values are:

- The current value of dwellings, land and buildings are determined either by reference to observable prices in an active market or by other valuation techniques (e.g. capitalisation of income streams).

- Vehicles, plant and equipment are capitalised at cost in the year of purchase and then held at historic cost in subsequent years due to the short life nature of the asset.

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

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Surplus	Total
	£000	£000	£000	£000	£000
Carried at historical cost					
Valued at fair value in:	0	864	13,738	0	14,602
2021/22	241,857	12,804	0	1,191	255,852
2020/21	0	26,300	0	0	26,300
2019/20	0	326	0	0	326
2018/19	0	5,640	0	0	5,640
2017/18	0	0	0	0	0
2016/17	0	957	0	0	957
Total Cost or Valuation	**241,857**	**46,891**	**13,738**	**1,191**	**303,677**

15) INVESTMENT PROPERTIES

Fair Value Hierarchy

Details of the Council's investment properties and information about the fair value hierarchy as at 31st March 2022 are as follows.

Other significant observable inputs (Level 2) 31 March 21 £000	Fair value of Investment Properties:	Other significant observable inputs (Level 2) 31 March 22 £000
882	Office accommodation	975
13,896	Retail units	16,708
2,744	Industrial	3,187
415	Residential	463
8,872	Utilised by NABCEL	5,779
1,313	Other	1,393
28,122	**Balance at 31 March**	**28,506**

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

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

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

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

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

Amounts reflected in the CIES

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

2020/21 £000		2021/22 £000
(1,660)	Rental income from investment property	(1,549)
(89)	Other income	(85)
614	Operating expenses arising from investment property	578
(1,135)	**Net (gain) / loss**	**(1,056)**

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

Movement in the Fair Value of Investment Property

The following table summarises the movement in the fair value of investment properties over the year.

2020/21 £000		2021/22 £000
30,122	Balance at 1 April	28,122
	Additions:	
434	Purchases	2,639
1,197	Subsequent expenditure	1,335
(4,623)	Net gains / (losses) from fair value adjustment reflected in Comprehensive Income & Expenditure	(2,611)
	Transfers:	
992	to / (from) Property, Plant & Equipment	(979)
28,122	**Balance at 31 March**	**28,506**

16) FINANCIAL INSTRUMENTS

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

Financial Assets:

	Non-Current				Current			
	Investments		Debtors		Investments		Debtors	
	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022
	£000	£000	£000	£000	£000	£000	£000	£000
Amortised Cost:								
Principal	0	0	727	2,504	15,000	28,000	10,515	9,577
Accrued interest	0	0	0	0	33	49	0	0
Cash & Cash Equivalents (CCE)	0	0	0	0	9,391	9,874	0	0
Amortised Cost Total:	**0**	**0**	**727**	**2,504**	**24,424**	**37,923**	**10,515**	**9,577**
Fair Value through Profit and Loss	1,866	2,270	0	0	0	0	0	0
Total Financial Assets	**1,866**	**2,270**	**727**	**2,504**	**24,424**	**37,923**	**10,515**	**9,577**
Non-Financial Assets*	0	0	0	0	0	0	7,620	3,676
Total	**1,866**	**2,270**	**727**	**2,504**	**24,424**	**37,923**	**18,135**	**13,253**

*Non-financial assets consist of NNDR and Council Tax payers in arrears, NNDR and Council bad debt provision, and respective shares of the Collection Fund assets.

Financial Liabilities:

	Non-Current				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022
	£000	£000	£000	£000	£000	£000	£000	£000
Amortised Cost:								
Principal	(72,705)	(64,205)	-	-	-	(8,500)	(22,983)	(30,934)
Accrued interest	-	-	-	-	(471)	(471)	-	-
Amortised Cost Total:	**(72,705)**	**(64,205)**	**-**	**-**	**(471)**	**(8,971)**	**(22,983)**	**(30,934)**
Non-Financial Liabilities	-	-	-	-	-	-	(307)	(1,132)
Total	**(72,705)**	**(64,205)**	**-**	**-**	**(471)**	**(8,971)**	**(23,290)**	**(32,066)**

Gains and Losses

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

2021/22 Surplus or Deficit on the Provision of Services £000		2022/23 Surplus or Deficit on the Provision of Services £000
	Net (Gains)/Losses on:	
13	Financial assets measured as fair value through profit of loss	(327)
13	**Total Net (Gains)/Losses**	**(327)**
	Interest Revenue:	
(129)	Financial assets measured at amortised cost	(92)
(80)	Other financial assets measured at fair value	(71)
0	Dividend income	(141)
(209)	**Total Interest Revenue**	**(304)**
2,361	**Interest Expense**	**2,307**

Fair Value of Financial Assets

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

Recurring fair value measurements	Input level in fair value hierarchy & valuation	As at 31 March 21 £000	As at 31 March 22 £000
Available for Sale:			
Property Fund	Level 1 - Unadjusted quoted prices in active markets for identical shares	1,866	2,193
		1,866	**2,193**

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

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

- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

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

	31 March 21		31 March 22	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£000	£000	£000	£000
PWLB debt	(71,152)	(78,869)	(71,152)	(74,902)
Non-PWLB debt	(2,024)	(3,376)	(2,024)	(3,011)
Short-term creditors	(22,983)	(22,983)	(32,066)	(32,066)
Total Financial Instrument Liabilities	**(96,159)**	**(105,228)**	**(105,242)**	**(109,979)**

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes several fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at balance sheet date. This shows a notional future loss (based on economic conditions at 31st March 2022) arising from a commitment to pay interest to lenders above current market rates. An alternative method of calculating fair value is to apply early repayment rates instead of new borrowing rates from the PWLB. If this method of calculating fair value had been applied, then the fair value of the liabilities would increase from £105.2m (as quoted above) to £110.0m.

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

	31 March 21		31 March 22	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£000	£000	£000	£000
Cash & cash equivalents	9,391	9,391	9,874	9,874
Short-term investments	15,033	15,033	28,049	28,049
Short-term debtors	10,515	10,515	9,577	9,577
Long-term debtors	727	727	2,504	2,504
Total assets	**35,666**	**35,666**	**50,004**	**50,003**

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

17) NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

- **Credit risk** – the possibility that other parties might fail to pay amounts due to the Council;

- **Liquidity risk** – the possibility that the Council might not have funds available to meet its commitments to make payments;

- **Re-financing risk** – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;

- **Market risk** – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements and foreign exchange rates.

Overall Procedures for Managing Risk

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

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

- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance;

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

The annual treasury management strategy which incorporates the prudential indicators was approved by Council in February 2021 and is available on the Council website. The key issues within the strategy were:

- The Authorised Limit for 2021/22 was £140.47m. This is the maximum limit of external borrowings or other long-term liabilities.
- The Operational Boundary was set at £123.47m. The Operational Boundary is the expected level of debt and other long-term liabilities during the year.
- The maximum amounts invested at any one time in any institution or financial group was set at £10m for part nationalised banks and higher rated banks or building

societies with a lower £8m limit set for other institutions, subject to meeting creditworthiness criteria.

- The maximum exposures to the maturity structure of debt were set and are detailed within this note.

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

Credit Risk

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

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

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

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

The Council's maximum exposure to credit risk in relation to its investments and cash held in banks, building societies and managed funds of £40.1m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31st March 2022 that this was likely to crystallise.

Amounts Arising from Expected Credit Losses

Credit Risk Exposure

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

A summary of the credit quality of the Council's investments as at 31st March 2022 is shown below, along with the potential maximum exposure to credit risk, based on experience of default and collectability:

Estimated maximum exposure at 31 March 21 £000		Amount at 31 March 22 £000 A	Historical experience of default % B	Historical experience adjusted for market conditions at 31 March 22 % C	Estimated maximum exposure to default and uncollectability at '31 March 22 £000 (A x C)
	Investments:				
-	**A Rated**	28,000	0.05%	0.00%	-
-	**Property Fund**	2,193	0.00%	0.00%	-
	Cash & Cash Equivalents:				-
-	**AAA Rated**	6,000	0.04%	0.00%	-
-	**A Rated**	2,500	0.05%	0.00%	-
548	**Customers**	2,507	28.74%	25.27%	634
548					**634**

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

The Council does not generally allow credit for its customers, such that £1.58m of the £2.51m balance is past its due date for repayment. The past due amount can be analysed by age as follows:

31 March 21 £000		31 March 22 £000
305	Less than three months	322
241	Three to six months	268
256	Six months to one year	352
524	More than one year	633
1,326		**1,575**

Liquidity Risk

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

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

Refinancing and Maturity Risk

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

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

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

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

31 March 21			31 March 22	
Average Rate %	Amount £000		Average Rate %	Amount £000
3.14%	70,705	**PWLB**	3.15%	70,705
4.10%	2,000	**Other Lenders**	4.10%	2,000
3.17%	**72,705**		**3.17%**	**72,705**
0.00%	-	**Less than one year**	2.79%	8,500
2.79%	8,500	**Maturing in 1-2 years**	2.63%	7,500
2.92%	29,500	**Maturing in 2-5 years**	3.01%	32,000
3.22%	26,705	**Maturing in 5-10 years**	3.36%	16,705
4.28%	1,000	**Maturing in 10-15 years**	4.28%	1,000
4.36%	7,000	**Maturing in over 15 years**	4.36%	7,000
3.17%	**72,705**		**3.17%**	**72,705**

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

31 March 21			31 March 22	
Maximum Exposure Allowable	**Maximum Exposure at year end**		**Maximum Exposure Allowable**	**Maximum Exposure at year end**
20%	0%	**less than one year**	20%	12%
20%	12%	**Maturing in 1-2 years**	25%	10%
50%	40%	**Maturing in 2-5 years**	50%	44%
75%	37%	**Maturing in 5-10 years**	75%	23%
100%	11%	**Maturing in more than 10 years**	100%	11%

Market Risk

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

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

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance, subject to influences from Government grants (i.e. HRA).

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

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

	£000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	(165)
Net Impact on Surplus or Deficit on the Provision of Services	**(165)**
Decrease in fair value of fixed rate borrowings	(3,830)
(no impact on the Provision of Services or Other Comprehensive Income and Expenditure)	

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

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

However, it does have holdings in a property fund managed by CCLA. Whilst these holdings are generally illiquid, the Council is exposed to losses arising from movements in the value of the shares. However, the Department for Levelling Up, Housing and Communities (DLUHC) has introduced a statutory over-ride to protect the General Fund balance from any fluctuations in fair value movements in quoted investment funds. In the Council's case this relates to its investments in the CCLA Property Fund. This over-ride expires on 31st March 2023 and unless extended, all fair value movements will then impact on the General Fund balance.

18) CASH AND CASH EQUIVALENTS

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

2020/21 £000		2021/22 £000
2,390	Bank current accounts	1,374
7,001	Short-term deposits	8,500
9,391	**Total Cash and Cash Equivalents**	**9,874**

19) CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2020/21 £000		2021/22 £000
(331)	Dividends and interest received	(661)
2,403	Interest paid	2,307

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

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

2020/21 £000		2021/22 £000
(11,897)	Depreciation & amortisation	(11,199)
(20,403)	Revaluations and impairment	(19,233)
(105)	Increase/ (decrease) in impairment for bad debts	(765)
(8,142)	Movement in creditors	(8,777)
781	Movement in debtors	3,766
1	Movement in stock	(13)
27	Movement in provisions	(0)
(1,928)	Movement in pension liability	(4,432)
(1,987)	Carrying amount of non-current assets sold or de-recognised	(2,062)
(14)	Other non-cash items	(173)
(43,667)	**Total Adjustment**	**(42,887)**

2020/21 £000		2021/22 £000
3,000	Proceeds from the sale of Property, Plant & Equipment; Investment Property & Intangible Assets	2,645
5,297	Capital grants reflected in net surplus or deficit that relate to financing activities	10,273
8,297	**Total Adjustment**	**12,917**

20) CASH FLOW STATEMENT – INVESTING ACTIVITIES

2020/21 £000		2021/22 £000
18,833	Purchase of property, plant and equipment; investment property and intangible assets	31,166
20,000	Purchase of short-term and long-term investments	28,577
(3,014)	Proceeds from the sale of property, plant and equipment; investment property and intangible assets	(2,839)
(29,000)	Proceeds from short-term and long-term investments	(15,561)
(8,588)	Other receipts from investing activities	(15,269)
(1,769)	**Net cash flows from investing activities**	**26,075**

21) CASH FLOW STATEMENT – FINANCING ACTIVITIES

2020/21 £000		2021/22 £000
4,500	Repayments of short-term and long-term borrowing	-
9,406	Other payments for financing activities	(7,635)
13,906	**Net cash flows from financing activities**	**(7,635)**

22) DEBTORS

2020/21 £000		2021/22 £000
	Amounts due within one year (net of impairment)	
	Central Government bodies:	
5,051	Department for Levelling Up, Housing and Communities	40
1,229	Department for Works & Pensions	1,896
944	HM Revenue & Customs	1,066
117	Other Government Departments	525
4,516	Other Local Authorities	2,129
335	Housing Tenants	1,121
443	Council Tax Arrears	434
344	Non Domestic Rates Arrears	407
4,305	Other	4,872
851	Payments in Advance	763
18,135	**Total**	**13,253**

Debtor balances are shown net of any allowance held for bad or doubtful debts. For 2021/22 the total impairment allowance across all debt types was £4.85m (£4.77m for 2020/21).

Local Taxation

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

2020/21 £000		2021/22 £000
	Council Tax:	
279	Less than 1 year	289
183	1 - 2 years	144
231	2 - 5 years	266
152	more than 5 years	167
845		**866**
	Non-Domestic Rates:	
286	Less than 1 year	365
108	1 - 2 years	160
168	2 - 5 years	169
115	more than 5 years	169
677		**863**

23) CREDITORS

2020/21 £000		2021/22 £000
	Central Government bodies:	
(7,180)	Department for Levelling Up, Housing and Communities	(16,050)
(348)	HM Revenue & Customs	(405)
(6,976)	Other Government Departments	(8,062)
(769)	Other Local Authorities	(555)
(8,017)	Other entities and individuals	(6,994)
(23,290)	**Total**	**(32,066)**

24) PROVISIONS

	Business Rate Appeals £000	Total £000
Balance at 01 April 21	**(2,025)**	**(2,025)**
Provisions made in year	(450)	(450)
Amounts used in year	451	451
Balance at end of 31 March 22	**(2,024)**	**(2,024)**

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

25) CONTINGENT ASSETS AND LIABILITIES

Contingent Assets:

Business Rates Pool – Local Volatility Fund: The Council is part of a Business Rates pool with Coventry, Warwickshire and all other Warwickshire districts. Part of the Memorandum of Understanding the Pool allocates 25% of the benefit of being in the pool to be set aside in a Local Volatility Fund. This is to provide protection for pool members from falls in Business Rates income. The Local Volatility Fund is held by Warwickshire County Council as the lead authority and a memo account is maintained for each authority. As at the end of March 2022, Nuneaton and Bedworth Borough Council held £302k within the Fund (£305K in 2020/21). This would be released to us if our Business Rates income fell by more than 5% of our baseline funding level, if we left the pool, or if the pool dissolved.

Contingent Liabilities:

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

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

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

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

For the purposes of the Statement of Accounts, a provision has been included in the Collection Fund (see note 24 on page 72) for the proportion of successful claims and the likely reduction in Rateable Value that would apply. It is difficult to estimate the likelihood of businesses both submitting and being successful with an appeal and the Council has therefore made no provision in the accounts for claims that are yet to be made.

26) USABLE RESERVES

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

27) UNUSABLE RESERVES

31 March 2021 £000		31 March 2022 £000
(111,333)	Revaluation Reserve	(135,417)
134	Financial Instruments Revaluation Reserve	(193)
(98,834)	Capital Adjustment Account	(93,068)
139	Financial Instruments Adjustment Account	118
63,356	Pensions Reserve	33,270
(413)	Deferred Capital Receipts Reserve	(413)
5,183	Collection Fund Adjustment Account	1,393
444	Accumulated Absences Account	198
(141,324)	**Total Unusable Reserves**	**(194,113)**

Revaluation Reserve

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

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

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

31 March 2021		31 March 2022	
£000		£000	£000
(93,860)	Balance at 1 April		(111,333)
(19,042)	Revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(27,767)	
(19,042)	Surplus or deficit on the revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		(27,767)
1,292	Difference between fair value depreciation and historical cost depreciation	2,573	
277	Accumulated gains on assets sold or scrapped	1,110	
1,569	Amount written off to the Capital Adjustment Account		3,683
(111,333)	**Balance at 31 March**		**(135,417)**

Financial Instruments Revaluation Reserve

The Ministry for Housing, Communities and Local Government (MHCLG) has introduced a statutory over-ride to protect the General Fund balance from any fluctuations in fair value movements in quoted investment funds. In the Council's case this relates to its investments in the CCLA Property Fund. This over-ride expires on 31st March 2023 and unless extended, all fair value movements will then impact on the General Fund balance.

31 March 2021		31 March 2022	
£000		£000	£000
121	Balance at 1 April	-	134
13	Movement in Fair Value through Profit & Loss on Pooled Investment Funds	(327)	
13			(327)
134	**Balance at 31 March**		**(193)**

Capital Adjustment Account

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

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

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

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

31 March 2021		31 March 2022	
£000		£000	£000
(112,656)	Balance at 1 April		**(98,934)**
	Reversals of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
11,335	Charges for depreciation and impairment of non-current assets	10,288	
16,050	Revaluation losses on Property, Plant and Equipment	17,230	
234	Amortisation of intangible assets	357	
5,567	Revenue expenditure funded from capital under statute	5,715	
1,987	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	2,934	
35,173			**36,524**
(1,569)	Adjusting amounts written out of the Revaluation Reserve		(3,683)
33,604	Net written out amount of the cost of non-current assets consumed in the year		**32,841**
	Capital financing applied in the year:		
(1,922)	Use of the Capital Receipts Reserve to finance new capital expenditure	(3,660)	
(12,590)	Use of the Major Repairs Reserve to finance new capital expenditure	(10,292)	
(5,374)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(10,273)	
(1,042)	Application of grants to capital financing from the Capital Grants Unapplied Account	(1,368)	
(428)	Statutory provision to the financing of capital investment charged against the General Fund and HRA balances	(478)	
(3,050)	Capital expenditure charged against the General Fund and HRA balances	(3,615)	
(24,406)			**(29,686)**
4,624	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		2,611
(98,934)	**Balance at 31 March**		**(93,168)**

Financial Instruments Adjustment Account

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

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

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

Pensions Reserve

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

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

31 March 2021		31 March 2022
£000		£000
48,871	Balance at 1 April	63,356
12,557	Remeasurement of the net defined benefit pension liabi	(34,518)
5,526	Reversal of items relating to retirement benefits debited or credited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	8,005
(3,598)	Employer's contributions and direct payments to pension	(3,573)
63,356	**Balance at 31 March**	**33,270**

Deferred Capital Receipts Reserve

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

31 March 2021 £000		31 March 2022 £000
(428)	Balance at 1 April	(413)
15	Transfer to Capital Receipts Reserve upon receipt of cash	-
(413)	**Balance at 31 March**	**(413)**

Collection Fund Adjustment Account

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

31 March 2021 £000		31 March 2022 £000
(351)	Balance at 1 April	5,183
5,534	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and	(3,790)
5,183	**Balance at 31 March**	**1,393**

Accumulated Absences Account

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

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

28) MEMBERS' ALLOWANCES

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

2020/21 £000		2021-22 £000
175	Basic Allowance	172
59	Special Responsibility	61
13	Other Allowances / Expenses	13
247	**Total**	**246**

The Mayor and Deputy Mayor also received total allowances of £6,000 per annum (£6,000 in 2020-21).

29) OFFICERS' REMUNERATION

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

Post Title	Financial Year	Notes	Salaries, Fees & Allowances £	Expenses & Benefits in Kind £	Pension Contribution £	Total £
Executive Director - Resources	**2021/22**	1	**29,815**	**-**	**5,993**	**35,808**
	2020/21		87,009	-	17,422	104,431
Chief Executive	**2021/22**		**93,520**	**-**	**18,788**	**112,308**
(Previously Executive Director - Operations)	2020/21		85,711	25	17,190	102,926
Director - Housing Communities and Economic Development	**2021/22**		**74,196**	**-**	**14,913**	**89,109**
(Previously Director for Housing , Communities & Economic)	2020/21		73,152	-	14,641	87,793
Director - Customers & Corporate Services	**2021/22**	2	**60,829**	**9**	**12,227**	**73,065**
(Previously Director - Customer Services & Business Improvement)	2020/21	3	58,525	-	11,764	70,289
Director - Planning & Regulation	**2021/22**		**77,853**	**-**	**15,447**	**93,300**
(Previously Director - Democracy , Planning & Public Protection	2020/21	4	85,213	-	17,428	102,641
Director - Public Services	**2021/22**		**72,085**	**75**	**14,458**	**86,618**
(Previously Director - Leisure, Health & Recreation)	2020/21	5	53,819	17	10,818	64,654
Total	**2021/22**		**408,298**	**84**	**81,826**	**490,208**
Total	2020/21		443,429	42	89,263	532,734

Note 1: Postholder resigned August 21

Note 2: Postholder commenced June 2021

Note 3: Part-time position

Note 4: Combined Director - Planning & Public Protection with Director - Democracy , Planning & Public Protection

Note 5: Postholder commenced June 2020

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

2020/21 Total Number of Employees	Remuneration Band	2021/22 Total Number of Employees
8	£50,000 - £54,999	9
1	£55,000 - £59,999	1
-	£60,000 - £64,999	-
9		**10**

30) TERMINATION BENEFITS

Exit Packages:

The table below details the number and cost of exit packages for 2021/22 and the previous financial year.

	Number of Compulsary Redundancies		Number of Voluntary Redundancies		Total number of Exit Packages		Total Cost of Exit Packages	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
Band Cost								
Band £0 - £20k	3	**6**	2	**1**	5	**7**	£ 21,118	**£ 30,251**
Total	3	**6**	2	**1**	5	**7**	£ 21,118	**£ 30,251**

31) EXTERNAL AUDIT COSTS

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

2020/21 £000		2021/22 £000
64	Fees Payable to Grant Thornton LLP with regard to the external audit services carried out by the appointed auditor for the year	67
18	Fees Payable to Grant Thornton LLP for the certification of grants and returns for the year*	85
82	**Total**	**152**

*£38K of the above relates to 2020/21 certifications, £47K relates to 2021/22.

32) GRANT INCOME

The Council credited the following grants, contributions and donations to the CIES in 2021/22:

2020/21 £000		2021/22 £000
	Credited to Taxation and Non-Specific Grant Income	
(81)	Contributions from leaseholders	(104)
(441)	Homes England	(188)
(2,896)	Other Local Authorities	(3,460)
(1,638)	Ministry for Housing, Communities & Local Government	(10,849)
(327)	Developers & other minor contributions	(63)
(5,383)	**Total**	**(14,665)**
	Credited to Services	
(498)	Benefits Administration Grant	**(376)**
(440)	Homelessness Support	**(735)**
(25,712)	Housing Benefit Subsidy	**(23,868)**
(5)	Elections Funding	**(245)**
(316)	Discretionary Housing Payment Grant	**(235)**
(129)	NNDR Cost of Collection Allowance	(128)
(70)	Towns Fund	-
(2,322)	COVID19 Government Grants (to cover payments to Businesses / Individuals)	(572)
(1,339)	COVID19 Government Grants - Sales, Fees & Charges compensation	(112)
(137)	New Burdens	**-**
(315)	Containment Outbreak Management Fund	-
(2,410)	Other grants and contributions	(1,794)
(33,693)		**(28,065)**

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

2020/21 £000		2021/22 £000
	Capital Grants Receipts in Advance	
(3,705)	Developers Contributions	(2,745)
(16)	Other Contributions	(1,317)
(3,188)	Other Local Authorities	(4,078)
(622)	Green Homes	(45)
(7,531)	**Total**	**(8,186)**

33) LEASES

Council as Lessee

- **Finance Leases**

There are no finance leases outstanding at 31st March 2022.

- **Operating Leases**

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

2020/21 £000		2021/22 £000
46	Not later than one year	46
148	Later than one year not later than five years	148
2,252	Later than five years	2,215
2,446	**Total**	**2,409**

Council as Lessor

- **Finance Leases**

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

- **Operating Leases**

The Council leases out property under operating leases ranging from properties let to charitable and community organisations, to town centre shops and industrial units. The gross value of assets where there are such leases was some £26.24m at 31st March 2022 with no accumulated depreciation. The income from such operating lease rentals during 2021/22 was £1.55m (£2.44m in 2020/21).

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

2020/21 £000		2021/22 £000
483	Not later than one year	450
1,729	Later than one year not later than five years	1,553
67,666	Later than five years	65,024
69,878	**Total**	**67,027**

34) RELATED PARTIES

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

Central Government

Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, Housing Benefits). Grants received from Government departments are set out in the narrative report and notes 13 and 32.

Warwickshire County Council and Warwickshire Police and Crime Commissioner

These authorities issue precepts on the Council and these are shown in the Collection Fund Statement. Warwickshire County Council is the administering authority for the Pension Fund and details of the employer's contributions paid by this Council are shown in note 41, page 89.

£77,094 has been received from the Warwickshire Police and Crime Commissioner which has been used to finance various Warwickshire County Council community safety initiatives within Nuneaton and Bedworth in 2020/21 (£86,614 2020/21).

Council Members and Officers

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

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

In addition to their normal involvement on various Council Committees, most members also act as the Council's representative on a wide range of Outside and Voluntary Bodies – some such representation follows from their Committee membership(s). The Council provided financial assistance to certain voluntary and outside bodies during 2021/22 which included the following contributions:

2020/21	Organisation	2021/22	
£		£	Members
2,610	Bulkington Village Centre	2,640	1
9,269	Hartshill & Nuneaton Recreation Ground	9,418	2
3,165	Nuneaton & Bedworth Sports Forum	3,456	1
95,315	Nuneaton & Bedwoth Citizens' Advice Bureau	95,315	-
5,140	Stockingford Community Centre	5,140	-
40,770	Warwickshire Community & Voluntary Action	42,270	-
17,778	Nuneaton & Harriers Community Association Ltd	17,878	-
-	Khair In The Community	3,000	-
-	Warwickshire Young Carers	5,000	-

Nuneaton and Bedworth Community Enterprises Ltd (NABCEL)

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

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

Due to turnover in NABCEL during 2021/22 not being material in the context of the Council's accounts, group accounts have not been prepared however note 35 provides additional information.

As at 31st March 2022, Nuneaton and Bedworth Borough Council held a debtor on its balance sheet of £227,291 (2020/21: £513,048) in respect of money owed to it by NABCEL and a creditor of £400,046 as monies owed to NABCEL (2020/21: £110,674).

Sherbourne Recycling Limited

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

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

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

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

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

HEART

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

2020/21 £	HEART Contributions	2021/22 £
719,236	Rugby Borough Council	725,811
797,060	North Warwickshire Borough Council	796,359
890,656	Warwick District Council	1,003,427
1,008,804	Stratford on Avon District Council	1,022,099

A total of £4.08m of unspent contributions from the above authorities is held within Capital Grants Receipts in Advance as at 31st March 2022 to be utilised in future years (£3.19m as at 31st March 2021).

Healthy Living Network

The Council processes the payroll for the Healthy Living Network and in 2021/22 processed transactions totalling £240,910 (2020/21: £256,447) which is then repaid by the organisation.

Pride in Camp Hill Ltd

Due to the nature of the tri-partite agreement referred to in note 35, Pride in Camp Hill Ltd (PinCH) is considered to be a related party of the Borough Council. In 2021/22 the Council did not make a contribution towards the running costs of the company. At year end there was a debtor amount of £85,571 on the balance sheet for amounts owed to the Council (2020/21: £58,195).

The Council guarantees a one third part of up to £100,000 deficit at the end of the project. Nuneaton and Bedworth Borough Council are the accountable body for phase 3 of this regeneration project. The total expenditure for the year can be found in note 35 to the accounts.

35) CAMP HILL

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

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

Following a tender exercise, Barratt were named as the preferred developer in 2007 and a Development Agreement was signed with them in October 2009. Acquisition and demolition of properties in Phase 3 began in 2006/07 and during 2021/22 £27k of capital expenditure was incurred by the Council.

36) NUNEATON AND BEDWORTH COMMUNITY ENTERPRISES LIMITED (NABCEL)

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

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

Group accounts have not been prepared as for 2021/22 it is deemed that the revenue amounts across service areas within the Net Cost of Services of the CIES are not material to require group accounts to be prepared. However, as the business continues to expand it is considered prudent to include details within a note to the accounts.

For the year 2021/22 the turnover of NABCEL totalled £3.92m of which £3.35m was generated from agreements with Nuneaton and Bedworth Borough Council (£3.12m in 2020/21). After costs and allowable expenses of £3.74m, NABCEL generated a net profit before taxation of £134k (£299k in 2020/21).

Income was generated through the following service areas:

2020/21 £000		2021/22 £000
(654)	Rental	(590)
(123)	Management Fees	(219)
(1,866)	Gas Services	(1,949)
(700)	Electrical Services	(863)
(92)	Cleaning Services	(289)
(10)	Architect Services	(4)
(19)	Other	(3)
(3,464)	**Total**	**(3,917)**

It should be noted that the 2021/22 figures quoted are subject to audit by NABCEL's external auditors.

37) TRADING OPERATIONS

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

2020/21 (Surplus) / Deficit Before Capital Charges £000	2020/21 (Surplus) / Deficit After Capital Charges £000		2021/22 Costs £000	2021/22 Income £000	2021/22 (Surplus) / Deficit Before Capital Charges £000	2021/22 Capital Charges £000	2021/22 (Surplus) / Deficit After Capital Charges £000
215	**269**	Markets	437	(269)	168	51	**219**
(5)	**(5)**	Trade Waste	69	(92)	(23)	-	**(23)**
(468)	**581**	Car Parks	1,237	(1,053)	184	88	**272**
336	**624**	Civic Hall - shows and catering	510	(230)	280	275	**555**
(102)	**333**	Mobile Home Sites	5	(137)	(132)	62	**(70)**
(544)	**4,546**	Commercial properties	496	(1,032)	(536)	3,688	**3,152**
(99)	**(565)**	Industrial properties	78	(170)	(92)	(443)	**(535)**
(441)	**(441)**	NABCEL	91	(516)	(425)	-	**(425)**
(578)	**(462)**	Green Waste	575	(1,029)	(454)	66	**(388)**
(1,686)	**4,880**	**Total**	**3,498**	**(4,528)**	**(1,030)**	**3,787**	**2,757**

38) ACQUIRED AND DISCONTINUED OPERATIONS

There were no acquired or discontinued operations during 2021/22.

39) CAPITAL EXPENDITURE AND FINANCING

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

2020/21 £000		2021/22 £000
92,813	**Opening Capital Financing Requirement**	**94,066**
	Capital Investment	
17,886	Property, Plant and Equipment	21,176
1,631	Investment Properties	3,974
575	Intangible Assets	301
5,567	Revenue Expenditure Funded from Capital under Statute	5,715
	Sources of Finance	
(1,922)	Capital receipts	(3,660)
(6,416)	Government grants and other contributions	(11,640)
(12,590)	Major Repairs Reserve	(10,292)
(3,050)	Sums set aside from revenue - direct revenue contributions	(3,615)
(428)	Sums set aside from revenue - Minimum Revenue Provision	(478)
94,066	**Closing Capital Financing Requirement**	**95,546**
	Explanation of movements in year:	
	Increase in underlying need to borrow:	
1,681	Unsupported by government financial assistance	1,958
	Sums set aside from revenue:	
(428)	Minimum / Voluntary Revenue Provision	(478)
1,253	**Increase/(decrease) in Capital Financing Requirement**	**1,480**

40) IMPAIRMENT LOSSES

During 2021/22 impairment losses of £72k were recognised and charged to the CIES across portfolios.

41) DEFINED BENEFIT PENSION SCHEME

Participation in Pension Schemes

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

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

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

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

Transactions Relating to Post-Employment Benefits

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

Local Government Pension Scheme 2020/21 £000	Discretionary Benefit Arrangements 2020/21 £000		Local Government Pension Scheme 2021/22 £000	Discretionary Benefit Arrangements 2021/22 £000
		Comprehensive Income and Expenditure Statement:		
		Cost of Services		
4,394	-	Current service costs	6,707	-
-	-	Past service costs / (gains)	-	-
-	-	Effect of Settlements	-	-
		Financing and Investment Income and Expenditure		
1,056	76	Net Interest Expense	1,192	106
5,450	**76**	**Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services**	**7,899**	**106**
		Remeasurement of the defined benefit liability comprising:		
(36,299)	-	Return on plan assets (excluding the amount included in net interest expense)	(11,590)	-
47,716	279	Actuarial gains and losses arising on changes in financial assumptions	(12,655)	(1,130)
2,955	-	Changes in demographic assumptions	(494)	-
(2,094)	-	Other	(8,649)	-
17,728	**355**	**Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement**	**(33,388)**	**(1,130)**
		Movement in Reserves Statement:		
(5,450)	(76)	Reversal of net charges made to the Comprehensive Income and Expenditure Statement for post employment benefits in accordance with the Code	(7,899)	(106)
		Actual amount charged against the General Fund Balance for pensions in the year:		
3,313		Employers' contributions payable to the scheme	3,280	
	285	Retirement benefits payable to pensioners		293

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

Local Government Pension Scheme 2020/21 £000	**Discretionary Benefit Arrangements 2020/21 £000**		**Local Government Pension Scheme 2021/22 £000**	**Discretionary Benefit Arrangements 2021/22 £000**
250,586	3,761	Present value of the defined benefit obligation	231,549	3,639
(190,991)	-	- Fair value of plan assets	(201,918)	-
59,595	**3,761**	**Net Liability arising from the defined benefit obligation**	**29,631**	**3,639**

Reconciliation of the Movements in the Fair Value of Scheme Assets

Local Government Pension Scheme 2020/21 £000		Local Government Pension Scheme 2021/22 £000
153,865	Balance at 1 April	190,991
3,506	Interest Income	3,789
	Remeasurement gain / (loss)	
36,299	Return on assets excluding amounts included in the net interest expense	11,590
-	Other	(1,639)
3,313	Contributions from employer	3,280
285	Contributions in respect of unfunded benefits	293
822	Contributions from employees	834
(7,099)	Benefits paid	(7,220)
190,991	**Balance at 31 March**	**201,918**

Reconciliation of Present Value of the Scheme Liabilities

Local Government Pension Scheme 2020/21 £000	Discretionary Benefit Arrangements 2020/21 £000		Local Government Pension Scheme 2021/22 £000	Discretionary Benefit Arrangements 2021/22 £000
199,044	3,692	Balance at 1 April	250,586	3,761
4,394	-	- Current service costs	6,707	-
4,562	76	Interest cost	4,680	407
822	-	- Contributions from scheme participants	834	-
		Remeasurement (gains) and losses:		
47,716	279	- changes in financial assumptions	(13,549)	(236)
2,955	-	- changes in demographic assumptions	(494)	-
(2,094)	-	- other	(10,288)	-
-	-	Past service cost	-	-
(6,814)	(285)	Benefits paid	(6,927)	(293)
250,586	**3,761**	**Balance at 31 March**	**231,549**	**3,639**

Local Government Pension Scheme Assets Analysis

Period Ended 31 March 2021					Period Ended 31 March 2022			
Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	Percentage of total assets		Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	Percentage of total assets
				Equity Securities				
0	90	90	0%	Other	0	86	86	0%
				Debt Securities				
18,619	0	18,619	10%	Corporate Bonds (investment grade)	12,503	0	12,503	6%
4,570	0	4,570	2%	Corporate Bonds (non-investment grade)	4,106	0	4,106	2%
8,734	0	8,734	5%	UK Government	9,481	0	9,481	5%
9,475	6,441	15,916	8%	Other	0	6,019	6,019	3%
				Private Equity				
0	9,783	9,783	5%	All	0	14,351	14,351	7%
				Real Estate				
17,338	0	17,338	9%	UK Property	19,819	0	19,819	10%
0	0	0	0%	Overseas Property	67	0	67	0%
				Investment Funds and Unit Trusts				
106,719	0	106,719	56%	Equities	102,800	0	102,800	51%
0	0	0	0%	Bonds	18,238	0	18,238	9%
5,513	0	5,513	3%	Infrastructure	0	10,214	10,214	5%
				Other				
				Cash and Cash Equivalents				
3,709	0	3,709	2%	All	4,235	0	4,235	2%
174,677	**16,314**	**190,991**	**100%**	**Total**	**171,248**	**30,670**	**201,918**	**100%**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. For 2021/22 both the Local Government Scheme and Discretionary Benefits liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates for the fund being based on the latest full valuation of the scheme as at 31st March 2022.

The principal assumptions used by the actuary have been:

Local Government Pension Scheme 2020/21 £000	Discretionary Benefit Arrangements 2020/21 £000		Local Government Pension Scheme 2021/22 £000	Discretionary Benefit Arrangements 2021/22 £000
		Mortality assumptions:		
		Longevity at 65 for current pensioners:		
21.8 years	21.8 years	Men	21.6 years	21.6 years
24.2 years	24.2 years	Women	24.1 years	24.1 years
		Longevity at 65 for future pensioners:		
23.0 years	-	Men	22.7 years	-
26.1 years	-	Women	25.9 years	-
3.65%	-	Rate of increase in salaries	4.00%	-
2.85%	2.85%	Rate of increase in pensions	3.20%	3.20%
2.00%	2.00%	Rate for discounting scheme liabilties	2.70%	2.70%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. This sensitivity analysis can be seen in Note 4, page 42.

Impact on the Council's Cash Flows

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

Housing Revenue Account

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

Income and Expenditure Statement

2020/21		2021/22	
£000		£000	£000
	Expenditure:		
5,295	Repairs and Maintenance	6,003	
8,784	Supervision and Management	7,631	
22,082	Depreciation and impairment of non current assets	25,374	
136	Debt Management costs	136	
492	Movement in the allowance for bad debts	(598)	
36,789			**38,547**
	Income:		
(23,278)	Dwelling Rents	(23,446)	
(571)	Non-dwelling Rents	(534)	
(1,940)	Charges for Services and facilities	(2,017)	
(95)	Grant Income	(6)	
(25,884)			**(26,003)**
10,905	**Net Cost of HRA Services**		**12,543**
150	HRA share of Corporate and Democratic Core		150
5	HRA share of other amounts included in the whole authority Cost of Services but not allocated to specific services		(3)
11,060	**Total Net Cost/(Income) for HRA Services as reported in the Comprehensive Income and Expenditure Statement:**		**12,690**
	HRA Share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
(375)	(Gain) or Loss on sale of HRA non-current assets		157
1,937	Interest payable and similar charges		1,914
(24)	Interest and Investment income		(6)
396	Pensions interest cost and expected return on pensions assets		280
(943)	Capital Grants and contributions receivable		(292)
12,051			**14,743**

Movement on the HRA Statement

2020/21 £000		2021/22 £000	£000
(11,289)	Balance on the HRA at the end of the previous year		(10,535)
12,051	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	14,743	
(11,297)	Adjustments between accounting basis and funding basis under statute	(13,748)	
754	(Increase) or decrease on the HRA		995
(10,535)	Balance on the HRA at the end of the current year		**(9,540)**

An analysis of the adjustments of £9,540k is detailed in the table below:

2020/21 £000		2021/22 £000
1,378	Difference Between any other item of income and expenditure determined in accordance with the code and determined in accordance with HRA requirements	360
375	Gain or Loss on sale of HRA non current assets	(157)
(723)	HRA share of contributions to or from the Pensions Reserve	(957)
409	Capital Expenditure funded by the HRA	1,637
8,403	Transfer to the Major Repairs Reserve	10,744
(21,139)	Other transfers to/ (from) the Capital Adjustment Account	(25,374)
(11,297)	**Total adjustments between accounting basis and funding basis under statute**	**(13,748)**

Notes to the Housing Revenue Account

1) HOUSING STOCK

The Council was responsible for the management of approximately 5,660 dwellings during the year. The changes in stock levels during the year were:

	Houses and Bungalows	Flats and Maisonettes	Total
Housing Stock as at 1st April 21	3,353	2,354	**5,707**
Acquisitions	1	1	**2**
New Build	4	12	**16**
Sales	(37)	(6)	**(43)**
Demolitions	-	(23)	**(23)**
Reclassified	(12)	12	**-**
Housing Stock as at 31st March 22	**3,309**	**2,350**	**5,659**

2) HRA FIXED ASSETS MOVEMENTS

The vacant possession value of Council Dwellings at 31st March 2022 was estimated to be £562m. The difference between this and the Balance Sheet Value of £247.8m represents the economic cost to the Council of providing council housing at less than open market rents.

	------------Non Current Assets------------				
	Council Dwellings £000s	Other Land & Buildings £000s	Plant/ Vehicles & Equipment £000s	Infrastructure Assets £000s	TOTAL £000s
Cost or Valuation					
As at 1st April 2021	224,708	6,661	1,021	134	**232,524**
Additions	18,070	-	-	-	**18,070**
Revaluations	10,081	(700)	-	-	**9,381**
Derecognition - Disposals	(2,605)	-	(26)	-	**(2,631)**
Other movement in cost or valuation	-	0	-	-	**0**
As at 31st March 2022	**250,254**	**5,961**	**995**	**134**	**257,344**
Accumulated Depreciation & Impairment					
As at 1st April 2021	-	(3)	(952)	(26)	**(981)**
Depreciation Charge	(8,433)	(136)	(44)	(5)	**(8,618)**
Revaluations	-	-	-	-	**-**
Other impairment losses	-	(18)	0	-	**(18)**
Derecognition - Disposals	35	-	23	-	**58**
As at 31st March 2022	**(8,398)**	**(157)**	**(973)**	**(31)**	**(9,559)**
Net Book Value					
at 31st March 21	224,708	6,658	69	108	**231,543**
at 31st March 22	**241,857**	**5,803**	**22**	**103**	**247,785**
Nature of holdings at year end					
Owned	**241,857**	**5,803**	**22**	**103**	**247,785**

3) CAPITAL EXPENDITURE

The Housing Revenue Account capital expenditure and its financing was:

2020/21 £000		2021/22 £000
	Capital Expenditure:	
	Propert, Plant & Equipment	
13,132	Dwellings	12,363
65	Land & Buildings	927
1,565	Assets Under Construction	1,713
367	Intangible Assets	2,385
15,129	**Total Capital Expenditure**	**17,388**
	Funded By:	
795	Borrowing not attracting Govern	1,958
392	Usable Capital Receipts	2,737
409	Revenue Contributions	1,636
943	External Grants & Contributions	765
12,590	Major Repairs Reserve	10,292
15,129	**Total Funding**	**17,388**

4) MAJOR REPAIRS RESERVE

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

2020/21 £000		2021/22 £000
(4,356)	Balance at 1 April	(1,612)
(8,403)	Transfer from the HRA equal to depreciation	(8,774)
(1,443)	Additional voluntary contribution transferred from the	(1,970)
12,590	Amounts applied to finance capital expenditure	10,292
(1,612)	**Balance at 31 March**	**(2,064)**

The additional contribution made to the Reserve during 2021/22 is to set aside resources to fund capital expenditure that was originally profiled to be spent during 2021/22 but due to programme slippage will now be completed during 2022/23.

5) GROSS RENT OF DWELLINGS

Amounts reported in the Income and Expenditure statement is net rent income due after making allowances for vacant properties. Gross rent is calculated as the rent due on all dwelling stock for the year and losses from voids and vacancies amounted to 1.47% of the gross rent income (2020/21: 2.14%). Average rent for the year was £79.11 a week compared to £78.62 in 2020/21.

6) RENT ARREARS AT 31st MARCH

2020/21 £000		2021/22 £000
2,691	Gross arrears	2,865
(2,356)	Bad debt provisions	(1,744)
11.6%	Gross arrears as percentage of gross rent income	**12.2%**

7) CAPITAL RECEIPTS

2020/21 £000		2021/22 £000
(1,091)	Sale of dwellings under right to buy	(2,415)
584	Amounts Pooled to Central Government	584
(507)	**Net Capital Receipts**	**(1,831)**

8) PENSIONS RESERVE CONTRIBUTION

2020/21 £000		2021/22 £000
(327)	Difference between current service cost of pensions and past	(1,237)
(396)	Net interest on Pensions Liability	280
(723)	**Total Pension Reserve Contribution**	**(957)**

Collection Fund

Income and Expenditure Statement

2020/21 Business Rates £000	2020/21 Council Tax £000	2020/21 Total £000		2021/22 Business Rates £000	2021/22 Council Tax £000	2021/22 Total £000
			INCOME			
0	-75,394	-75,394	Income from council tax	0	(78,856)	(78,856)
-23,402	0	-23,402	Income collectable from business ratepayers	(30,953)	0	(30,953)
			Contributions towards previous year estimated deficit:			
120	0	120	- Nuneaton and Bedworth Borough Council	(4,960)	0	(4,960)
30	0	30	- Warwickshire County Council	(1,240)	0	(1,240)
151	0	151	- Central Government	(6,201)	0	(6,201)
-23,101	**-75,394**	**-98,495**	**Total Income**	**(43,354)**	**(78,856)**	**(122,210)**
			EXPENDITURE			
			Apportionment of previous year estimated surplus:			
0	155	155	- Nuneaton and Bedworth Borough Council	0	(120)	(120)
0	151	151	- Warwickshire Police and Crime Commissioner	0	(120)	(120)
0	948	948	- Warwickshire County Council	0	(750)	(750)
			Precepts, demands and shares:			
13,778	9,168	22,946	- Nuneaton and Bedworth Borough Council	13,418	9,359	22,777
0	9,142	9,142	- Warwickshire Police and Crime Commissioner	0	9,716	9,716
3,445	57,197	60,642	- Warwickshire County Council	3,355	58,899	62,254
17,223	0	17,223	- Central Government	16,773	0	16,773
			Charges to the collection fund:			
896	637	1,533	- Increase in bad debt provision	570	418	988
696	0	696	- Increase in provision for appeals	(34)	0	(34)
155	0	155	- Transitional payments payable	108	0	108
129	0	129	- Cost of collection allowance	128	0	128
36,322	**77,398**	**113,720**	**Total Expenditure**	**34,318**	**77,402**	**111,720**
13,221	2,004	15,225	**(Surplus)/Deficit for the year**	**(9,036)**	**(1,454)**	**(10,490)**
-554	-1,046	-1,600	Fund Balance Brought Forward	12,667	958	13,625
12,667	**958**	**13,625**	Fund Balance at 31st March: (Surplus)/Deficit	**3,631**	**(496)**	**3,135**
			Analysis of Fund Balance (Surplus)/Deficit			
5,067	116	5,183	- Nuneaton and Bedworth Borough Council	1,452	(59)	1,393
0	116	116	- Warwickshire Police and Crime Commissioner	0	(62)	(62)
1,267	726	1,993	- Warwickshire County Council	363	(375)	(12)
6,333	0	6,333	- Central Government	1,816	0	1,816
12,667	**958**	**13,625**		**3,631**	**(496)**	**3,135**

Notes to the Collection Fund

NATIONAL NON-DOMESTIC RATES (NNDR)

The total non-domestic rateable value at 31st March 2022 was £88,510,249 (£87,529,005 as at 31st March 2021) and the national non-domestic rate multiplier for the year was 51.2p (2020/21: 51.2p). The small business rate relief can be applied in qualifying circumstances and provided a reduced multiplier of 49.9p for 2021/22 (2020/21: 49.9p).

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

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

CALCULATION OF COUNCIL TAX BASE

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

In order to collect the total precept requirements of £78.0m (2020/21: £75.5m) a Band D Council Tax of £2,030.13 was determined (2020/21: £1,965.50).

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

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

	Number of chargeable properties		Adjusted property base (Band D Equivalent)	
	2021/22	2020/21	2021/22	2020/21
Valuation Band (Multiplier)				
A - Disabled Relief Reduction (5/9)	**47**	46	**25**	26
A - (6/9)	**20,310**	17,962	**13,997**	11,975
B - (7/9)	**13,142**	11,979	**10,708**	9,317
C - (8/9)	**13,342**	12,240	**11,568**	10,880
D - (9/9)	**7,221**	6,778	**6,545**	6,778
E - (11/9)	**2,858**	2,620	**2,697**	3,202
F - (13/9)	**762**	705	**729**	1,018
G - (15/9)	**182**	164	**174**	273
H - (18/9)	**7**	5	**5**	10
Totals	**57,871**	52,499	**46,448**	43,479
Reduction due to estimated Council Tax Support needs			**(7,298)**	(4,520)
Resultant Band D Equivalents			**39,150**	38,959
Assumed Collection Rate			**1**	1
Plus adjustment for Armed Forces Dwellings			**41**	41
Total Taxbase			**38,408**	38,416

Annual Governance Statement

Nuneaton and Bedworth Borough Council
For the period 1st April 2021 to 31st March 2022

Scope of responsibility

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

To this end, Nuneaton and Bedworth Borough Council has approved and adopted a local code of corporate governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives and Senior Managers (CIPFA/SOLACE) joint framework for delivering good governance in local government. CIPFA issued an update to the Framework in 2016, which has informed the preparation of the Annual Governance Statement (AGS) from 2016/17 onwards. A copy of the local code can be found on the Council's website.

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

The purpose of the governance framework

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

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

The governance framework has been in place at Nuneaton and Bedworth Borough Council for the year ended 31st March 2022 and up to the date of approval of the Annual Report and Statement of Accounts.

Impact of the Covid-19 Pandemic on the governance arrangements

The Council has faced continued challenges during 2021/22, particularly in respect to the ongoing effects of the COVID-19 pandemic. The pandemic has resulted in changes to working practices (e.g., agile and remote working etc.) which have required a greater degree of flexibility and risk-based decision making at certain levels in the authority.

The national and international public health emergency caused by the COVID-19 pandemic have led to significant impacts for the Council. These have included implications for provision of services, our workforce and our financial position. Effective leadership and governance of the response and recovery have been critical.

The pandemic has provided reassurance over our resilience, governance, and decision-making arrangements as we have been able to maintain and deliver most of our services in this challenging environment, adapting our methods of working and decision- making as necessary. Legislation to allow authorities to conduct the majority of its meetings and take decisions in ways other than in person expired on 6 May 2021, and Cabinet, Council, and Audit and Standards Committee meetings returned to being held face-to-face, where possible. The Council recognises the benefits that virtual meetings provided, particularly around accessibility for stakeholders and members of the public, and hybrid meetings are now facilitated, whilst ensuring that good governance continues.

The impact of the pandemic is likely to continue to affect governance arrangements, and changes to working practices are continually being assessed to ensure appropriate controls exist. It is also apparent that the pandemic has had, and will continue to have, an impact upon the Council’s resources, financial resilience, potential pausing of certain projects and long-term flexible working. This will remain a key governance issue as the Council recovers.

With the relaxation of Covid restrictions from February 2022, the impact of the pandemic has remained negligible upon the Council’s Governance arrangements.

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

Review of effectiveness

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

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

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

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

The review for the 2021-22 statement has been carried out by the Management Team and the final statement was approved on 28th October 2022 via group e-mail.

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

Corporate Governance and Council

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

by the Bribery Act 2010. The policy was reviewed during 2020/21 and a revised version was approved by Council in April 2021.

- An annual report is presented to Elected Members to consider the Register of Members Interests and the content of the registers of Gifts and Hospitality for Members and Officers. The last report was presented to the Audit and Standards Committee in November 2021.
- The Council has approved changes to the Constitution where appropriate to ensure decision making is legal, timely and robust. There is a Constitution Review Working Party which oversees and make recommendations on the Constitution.
- The Council has a trading arm – NABCEL – which operates commercially. There is a Shareholder Agreement in place which sets out clearly the decision-making responsibilities of both NABCEL and the Council as the only shareholder. The Shareholder Role is exercised through a politically balanced committee of Cabinet.
- The Council has a zero tolerance to all forms of fraud and corruption. The Council employs a Counter Fraud Officer who works closely with the Revenue and Benefits and Housing Teams to identify, deter, and prevent fraud.
- The Council has a joint working arrangement with the Department for Work and Pensions so cases which involve both Housing Benefit and a Council Tax Reduction will be investigated jointly.
- In July 2021, the Council established a further standing committee to deal with employment matters and related issues concerning, amongst other things, terms & conditions of employment and the approval of Human Resources policies.

Information Management

- A revised Information Governance Framework, ICT Code of Conduct for Employees, and the Members Protocol for use of the Council's ICT Resources was approved by the Portfolio Holder for Central Services in August 2017
- The Corporate Governance Group (CGG) has taken on the role of the Corporate Information Governance Group (CIGG). The CGG consider information management issues on a monthly basis and approve an action plan for the Operational Information Management Group to monitor
- The Information Management Group is made up of Senior Managers that represent all Council Directorates
- With the management Team restructure completed in September 2021, the Director Customer & Corporate Services was appointed as the Senior Information Risk Owner and the Head of Audit and Governance is the Deputy.
- A Customer Experience Officer was appointed in October 2021 whose role expanded to include that of the Data Protection Officer. The role is now titled Customer Experience and Data Protection Officer. The post holder has undergone external training to support this additional responsibility.
- The Council has introduced an electronic process for reporting data breaches and near misses internally to the Data Protection Officer and to the Senior

Information Risk Owner to ensure that all appropriate action can be taken promptly

- All data breaches and near misses are discussed with the Corporate Governance and Information Governance Groups to enable any lessons learned to be shared
- All employees and senior managers receive mandatory data protection training and attendance is monitored.
- Subject Access and other information rights requests are processed in line with the new statutory timescales
- The Council carries out an annual compliance check to ensure its infrastructure is sufficiently secure to connect to the Public Service Network. The current certificate expired in August 2021 and renewal was delayed whilst a significant infrastructure (Azure) migration has been undertaken. The certificate is being assessed and renewed in 2022/23.

The Council was assessed as meeting the Government backed Cyber Essentials Scheme and as such has defences that are satisfactory against commodity based cyber-attacks. The certificate expired in December 2018 and was to be renewed when the unsupported Northgate Housing Software was replaced. There was a delay in the implementation with the new CIVICA CX system, however this work is now complete. The Council has subsequently been assessed and has fallen short of certification due to reasons such as mobile devices requiring renewal or legacy software becoming unsupported during the assessment period. The Council's ICT team have actively been working on this, and renewal will be completed in 2022/23.

Audit and Standards Committee

- The purpose of the Council's Audit and Standards Committee is to provide independent assurance of the adequacy of the risk management framework and the internal control environment. It provides an independent review of governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal and external audit, helping to ensure efficient and effective assurance arrangements are in place.

- In order to ensure high standards of conduct and probity, the Committee also plays a key part in strengthening and maintaining the highest standards of ethical conduct which the public is entitled to expect from both Members and Officers of the Council. The Committee approved a new Code of Conduct in March 2021, based upon the model used by Warwickshire County Council. The intention behind this was to ensure that a single code applied, particularly where there are "twin-hatters" who are subject to both the Council's and the County Council's code of conduct.

- The Committee also receives and reviews the Annual Monitoring Report from the Local Government & Social Care Ombudsman. This was considered in September 2021, and it was pleasing to note that none of the complaints investigated by the Ombudsman were upheld, as opposed to the average for similar authorities of 53% upheld. A refreshed report will be presented to the committee in November 2022 for 21/22. The year 21/22 report will show a more typical year in terms of complaint referral and level upheld, but will also detail the service improvement work undertaken.

- The Audit & Standards Committee also undertakes a monitoring role in connection with probity matters raising from "Whistle-blowing" complaints brought under the Council's Confidential Reporting Code. One complaint was considered by the Committee in March 2022 and the actions of the Council were noted.

Management Team

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

- From June 2018, the Management Team structure consisted of two Executive Directors and four Directors. At the start of the financial year 2021/22, the Executive Director – Resources gave notice that she would be leaving the authority in July 2021. This gave the new incoming political leadership the opportunity to review the structure of the Management Team. A review was undertaken and concluded in September 2021. The result created a new role of Chief Executive, supported by 5 Directors, one of which would be designated as the Deputy Chief Executive. The revised structure was implemented with effect from 1st October 2021. Subsequently, the Director – Customer & Corporate Services was designated as the Deputy Chief Executive.

- Arising from the Corporate Peer Challenge, a recommendation was made to develop an appropriate project management framework with clearly identified Senior Responsible Owners, appropriate governance arrangements including engagement with key support services such as finance and legal to ensure decisions are taken in a lawful and timely way, with standard templates and processes for implementation and monitoring, will strengthen the delivery of NBBC's projects.

Performance Management

- The TEN Performance Management System is used to report performance to officers, members and the public and highlight under-performing services. Corrective action plans are then put in place to address issues. Performance management is reported to Scrutiny Panel on a quarterly basis during the year, via integrated finance and performance reports.
- The Council's Performance Management Framework was updated and approved by the Audit and Standards Committee in November 2021 and is now included in the Council's Constitution.

- Greater use of benchmarking is now used in the Performance Reports to enable the Council to be measured against good performance and the intention is to continually enhance this further on an on-going basis.
- The Council continues to use transformation approaches as a means of improving service delivery and overall value for money. Having adopted an enterprise strategy in February 2022, the Council approved a budget to fund a service transformation programme in February 2022 to deliver financial sustainability linked to the Council's MTFP.
- Services that have previously been subject to a performance review continue to embed continuous improvement which ensures continual monitoring and review to ensure the service is still providing an effective service to its customers.

Financial Management Arrangements

- The Council appointed a new Chief Financial Officer (CFO) in January 2022, which is a statutory post responsible for the financial management arrangements of the authority. The new post holder was appointed to the role of Director – Finance & Enterprise and commenced the role on 2 May 2022. The CFO is a member of the Management Team. The role conforms to the requirements within the updated CIPFA statement on the role of the CFO in Local Government.
- The Financial and Contract Procedure Rules [FPRs and CPRs] are used by all officers and Members to ensure effective use of resources and robust and transparent decision making. Both the FPR's and CPRs were reviewed in 2019/20 and approved in May 2020. With regards to the CPRs, the Government issued a Green Paper in December 2020 (entitled Transforming Public Procurement) setting out its vision to transform the public procurement regime. The Bill is progressing through the House of Lords before being approved by the House of Commons and then seeking Royal Assent. It is indicated that the new Act will be live on or around May 2023. As such, the CPRs shall be updated over the next 12 months alongside the implementation of the new Procurement Act to ensure NBBC procedures are in line with the new regime with a view to seeking Cabinet or Single Cabinet Member approval shortly after the Act becomes Law. The Procurement team frequently review updates and inform key stakeholders of the updates in readiness for the new Act to ensure NBBC is ready (as best as it can be) for the new regime.
- A revised Medium Term Financial Plan was reported to Cabinet in October 2019. It outlined the savings required over the period 2020-2023, based on the one-year 'roll-over' settlement offered by central government for 2020/21. A further one-year roll-over settlement was also offered by central government for 2021/22. High-level reviews of the Plan were carried out in February 2021 and February 2022 as part of the budget setting process. These noted that a more fundamental review of the Plan was difficult in the absence of a multi-year Settlement or Spending Review, which was delayed by government for another year due to the pandemic. The key messages from the Plan are communicated to all employees. The Corporate Peer Challenge specifically noted the need for an updated Medium Term Financial Strategy, and this has been incorporated into the 2022/23 Action Plan. This will take into account any long-term impact of COVID-

19 as well as the likely impact of the Business Rates Review and Fair Funding Review, if known at that point.

- The Treasury Management Strategy is reviewed each year, as a result of the economic conditions and investments in Icelandic banks. We have continued to keep our Counterparty list under review, in liaison with our external advisors. The Audit and Standards Committee has received reports on our Treasury activity quarterly during the year and twice yearly to Cabinet and Council
- The Corporate Governance Group monitors current and planned expenditure and income, highlighting emerging issues that will impact upon forward financial planning.
- Effective financial management arrangements have been crucial during the COVID-19 pandemic and the Quarter 1 budget monitoring report to Cabinet in December 2021 included some savings and other mitigating actions required to ensure the Council maintained financial sustainability over the course of the year.

Risk Management

- The Council's Risk Management Strategy was last updated and approved by the Audit and Standards Committee in November 2021. Risks are managed using Strategic and Operational Risk Registers
- The Audit and Standards Committee is responsible for monitoring the effective development and operation of risk management procedures across the Council.
- Overview and Scrutiny Panels receive quarterly reports on the risks within the Strategic Risk Register that are relevant to their area of responsibility. At the end of the financial year, they have sight of the full register
- The Council insures against the risk of loss, particularly financial loss. The levels of cover and the excess amounts are continually reviewed and updated to reduce exposure to an acceptable level
- Since 1st April 2016 the insurance service has been provided by Warwickshire County Council under a formal service level agreement
-

Internal Audit

- Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisations operation. It is responsible for monitoring the quality and effectiveness of the control environment comprising risk management, control, and governance.
- A risk model is used to formulate the internal and computer audit plans which are agreed by the Management Team and approved by the Audit and Standards Committee.
- Where necessary, internal audit will identify areas for improvement and make recommendations and agree an action plan for Service Managers. A summary of the issues arising is presented to the Audit and Standards Committee. The last reports were considered by the Committee in July 2021, November 2021 and March 2022.

- A review of the effectiveness of Internal Audit is completed annually; an external quality assessment was completed in January 2019, with the next review due by February 2024, to ensure compliance with the Public Sector Internal Audit Standards. The overall conclusion was that the internal audit service complies with the Public Sector Internal Audit Standards and provides an efficient and effective service to the Council.

Transparency

- The government maintains a commitment to increasing transparency across central and local government in order to make data more readily available and enable residents to hold service providers truly to account. As a publicly funded organisation, Nuneaton and Bedworth Borough Council is equally committed to openness and accountability.
- In 2021-22, the council published a series of datasets in line with the Local Government Transparency Code 2015 and other transparency commitments including; senior staff salaries, organisation chart, spending on items over £500, details of new contracts and also the adopted Pay Policy Statement. To promote transparency and wider engagement with council decisions, residents can use digital platforms such as; Facebook, Twitter, and YouTube to get updates from, and interact with, the authority. To counter the social restrictions imposed by Covid-19, and under the provisions of the Coronavirus Act 2020, this functionality meant that in the early part of 2021-22 residents were able to remotely access Council meetings and therefore continue to partake in local decision making.

Other Sources of Assurance

As stated above, reliance has been placed on other sources of assurance in 2021/22 with respect to the Head of Audit and Governance's opinion. Other sources of assurance have been obtained in year activity but also by reflecting on past opinions and the basis of these.

The Council commissioned its first Local Government Association (LGA) Corporate Peer Challenge (CPC) in September 2021. The LGA CPC report highlights a number of positive aspects in the way the Council operates, including our ambition and place leadership, our financial management track record and the relationship across the Councillors and Officers who make up the senior team. Importantly the LGA CPC report also identifies areas where the Borough Council can improve and an action plan was approved by Cabinet in November 2021.. The LGA CPC Review Team conducted a "six month check-in" session in March 2022

to consider how the Council had responded to the September CPC and were impressed with progress made to date against our Action Plan. The key actions have been incorporated into the 2022/23 Action Plan and are shown, where appropriate, with an asterisk*.

The Council's External Auditors have met with the Section 151 officer throughout 2021/22 and have also attended Audit and Standards Committee meetings. During this time, the

External Auditor has not expressed any specific concern on the governance and/or financial arrangements operating within the Council.

Other examples of assurance obtained in year include:

- Completion of statutory returns, VAT returns, and grant claims, etc.
- Regular internal quality monitoring activities across many services
- Completion of annual development reviews of staff
- Regular performance, risk, contract and financial monitoring
- The annual Local Government Ombudsmen report.
- Completion of relevant mandatory training for all appropriate members of staff

Identifying the needs of Officers and Members

- The Council has continued to develop Senior Managers with specific key learning topics, including regular finance updates, delivered at away days and is embedding the council's values throughout the organisation.
- The Councils values now form part of the recruitment process and employee's annual development reviews.
- The Council has implemented a Corporate Training System, DELTA (Develop, Enhance, Learn, Train, and Accomplish) which holds all training courses including mandatory ones. The system holds employees individual training records and sends notifications for refreshers. This will give the Council a more effective method of ensuring all training, specifically mandatory, is up to date and will ensure that an attendance record is maintained.
- Employees are updated on corporate issues through regular communication updates, in addition to specific publications from Management Team, as well as annual finance updates and training opportunities.
- Corporate Governance Training for Elected Members takes place annually.
- An emerging issue, replicated on a national scale, relates to the Council's ability to recruit and retain qualified and experienced staff in key areas such as Finance, Planning & Environmental Health. The Corporate Peer Challenge also noted the issue and made specific recommendation to develop a People Strategy and to streamline the recruitment process, focusing upon the many benefits of working for the Council. These points have been taken on board and have been added to the Action Plan for 2022/23.

Significant governance issues

The COVID-19 pandemic has impacted on the Council, most notably in bringing forward plans for agile and remote working. This has enabled activities to continue.

The governance framework itself has been effective in assisting with this, particularly in terms of financial management.

An update on the action plan for 2021/22 is shown in the table below:

Action	Responsible Officer	Planned Completion Date	Status
Implement a Corporate Document Retention Policy	Head of Audit and Governance and Data Protection Officer	Outstanding	Rolled over to 2022/23
Corporate Governance Training Elected Members and Senior Manager	Head of Audit and Governance and Data Protection Officer	Completed for Members on 27th May 2021 & 13th July 2021 Completed for Senior Managers on March 2022	Completed
Undertake training for the Audit and Standards Committee on the Statement of Accounts and Treasury Management	Head of Financial Services	June 2021	Completed
Undertake training for the Audit and Standards Committee on the roles of internal and external audit	Head of Audit and Governance	June 2021	Completed
Undertake training for the Audit and Standards Committee on dealing with complaints and hearings sub-committees	Director – Planning & Regulation	July 2021	Completed
Adoption of the new Code of Conduct for Elected Members	Director – Planning & Regulation	March 22	Completed

The review of the governance framework during 2021/22, together with the Corporate Peer Challenge undertaken by the Local Government Association has identified the following issues to be addressed in 2022/23:

Action	Responsible Officer	Planned Completion Date
Implement a Corporate Document Retention Policy	Data Protection Officer	Rolled over to 2022/23
Undertake training for the Audit and Standards Committee on the Statement of Accounts and Treasury Management	Head of Financial Services	February 2023
Undertake training for the Audit and Standards Committee on the roles of internal and external audit	Head of Audit and Governance	January 2023
Cyber essentials	Director - Customer and Corporate Services	Revised to 2022/23
New Member Induction Programme 2022/23	Director - Planning & Regulation	July 2022
An updated Medium Term Financial Strategy needs to be considered by the Council prior to its budget setting process in February 2023	Director – Finance & Enterprise	November 2022
Ensure staff recruitment and retention is linked to the People Strategy and underlying policies	Director - Customer and Corporate Services	Linked to employment committee work. Tabled for 2022/23
Implement a Corporate Programme Management approach to further improve Governance related to major projects	Director – Regeneration & Housing	Implementation & officer training May 2022 to March 2023 Full roll out April 2023
Review the remit of the Corporate Governance Group to take account of the Corporate Programme Management approach.	Director – Finance & Enterprise	December 2022
Contract & Financial Procedure Rules review & update	Director – Finance & Enterprise	CPRs: In progress – new Procurement Act coming into force. Please see bullet point 2 under "Financial Management arrangements".

		FPRs: January 2023
Policy review to accommodate more agile working	Director - Customer and Corporate Services	The Employment Committee has received and will continue to receive employment policies for review, amendment and approval.
Asset review, especially use of the Town Hall	Director - Customer and Corporate Services + Director of Housing and Regeneration	Ongoing but the Council is in Negotiations to lease part of the Town Hall to a public sector partner.
Undertake a Residents' Survey	Director - Customer and Corporate Services	Rolled forward to 2022/23.
Consider the effective and consistent use of appropriate data to inform decision making	Management Team	Ongoing
Complete the development of some of the key strategies e.g. Economic Development Strategy, Town Centre Strategy	Director – Regeneration & Housing	December 2022
Finalise the new corporate plan and ensure this supports the priorities of the council, is widely consulted on with partners and communicated for clarity across the council	Director - Customer and Corporate Services	April 2022
Ensure key projects have a clear purpose i.e. maximise income generation opportunities, social value etc	Director – Regeneration & Housing	Linked to Corporate Management approach – full roll out April 2023
Review the internal and external approach to communications to ensure this supports priorities and ambitions	Director - Customer and Corporate Services	LGA Communications review undertaken August 2022.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness. This Statement is intended to provide reasonable assurance on the strength of the authority's governance arrangements, although no

system of control can provide absolute assurance against material misstatement or loss. The review of the control environment and governance framework has concluded that it is sound and fit for purpose and the actions needed above will ensure that further improvements are made. These issues will be addressed during 2022/23 and the action plan will be monitored by the Leadership Board.

Signed (Leader): C Watkins ....

Councillor Chris Watkins

Date: 06/12/2024

Signed (Chief Executive): T Shardlow ....

Tom Shardlow

Date: 06/12/2024

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

Glossary of Terms

Agency

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

Approved Budget

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

Authorised limit

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

Band D Equivalent

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

Billing Authority

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

Budget

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

Business Rates (Non-Domestic Rates – NDR)

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

Capital Adjustment Account

Resources set aside to meet past capital expenditure.

Capital programme

Our plan of future spending on capital projects such as buying land, buildings, vehicles and equipment.

Capital receipt

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

Capital spending

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

Capital spending charged to revenue

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

Capping

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

Cash Flow Statement

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

CIPFA

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

Collection Fund

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

Council Tax

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

Council Tax Base

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

Council Tax surpluses/losses

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

Creditors

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

Current assets

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

Current liabilities

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

Current service cost

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

Current spending

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

Curtailment costs

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

Debtors

Individuals or organisations who owe us money that is not paid by the end of the financial year.

Depreciation

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

Earmarked reserves

Money set aside for a specific purpose.

Financial year

Our financial year starts on 1st April and ends on 31st March.

General reserves

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

Government grants

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

Gross spending

The overall cost of providing our services before allowing for government grants or other income.

International Financial Reporting Standards (IFRS)

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

Inventories

Goods bought which have not yet been used.

Leasing

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

Levy

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

Liabilities

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

Loss

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

Minimum revenue provision (MRP)

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

Net book value

The value of an asset after depreciation and impairment charges.

Net interest on the net defined benefit pension liability

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

Net spending

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

Operating leases

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

Overheads

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

Past service costs

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

Petty Cash

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

Precept

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

Property, Plant and Equipment

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

Provisions

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

Prudential Code

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

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

Prudential System

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

Rateable Value (RV)

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

Reimbursements

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

Reserves and funds

Savings we have built up from surpluses.

Revaluation Reserve

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

Revenue spending

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

Revenue Support Grant

The government grant to support Local Authority services.

Specific grants

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

Surplus

The remainder after taking away all expenses from income.

Tariff

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

Tax Base

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

PWLB

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

Virement

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

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

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of Nuneaton and Bedworth Borough Council (the 'Authority') for the year ended 31 March 2022, which comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, Cash Flow Statement, Housing Revenue Account Income and Expenditure Statement, Movement on the Housing Revenue Account Statement, 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 2021/22.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2022 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 2021/22; 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 (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

In our evaluation of the Director of Finance & Enterprise's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

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

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

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

Other information

The Director of Finance & Enterprise is responsible for the 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of the Authority, the Director of Finance & Enterprise and Those Charged with Governance for the financial statements

As explained in the Statement of Responsibilities (set out on pages 20 and 21), the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Finance & Enterprise. The Director of Finance & Enterprise is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22, for being satisfied that they give a true and fair view, and for such internal control as the Director of Finance & Enterprise determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Finance & Enterprise is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.
The Audit & Standards Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.
Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant ,which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003 .

- We enquired of senior officers and the Audit and Standards committee, concerning the Authority's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

- We enquired of senior officers, internal audit and the Audit & Standards committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

- We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and any other fraud risks identified for the audit. We determined that the principal risks were in relation to journal entries that altered the Council's financial performance for the year, and potential management bias in determining accounting estimates, especially in relation to the calculation of the valuation of the Council's land and buildings, investment property, and defined benefit pensions liability valuations.

- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that the Director of Finance and Enterprise has in place to prevent and detect fraud;
  - journal entry testing, with a particular focus on significant journals at the end of the financial year which impacted on the Council's financial performance;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings, investment property and defined benefit pensions liability valuations; 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.

- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to land and buildings, investment property and defined benefit pensions liability valuations.

- 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.

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 2022.

We have nothing to report in respect of the above matter except on 12 November 2024 we identified two significant weaknesses in the Authority's governance arrangements for the year ended 31 March 2022:

- The first of these is in relation to the lack of budget monitoring reports being provided to Cabinet during the 2021/22 financial year. We recommended that the Authority ensure quarterly budget monitoring reports are presented to Cabinet regularly.
- The second significant weakness relates to capacity issues within the finance team which have led to issues and delays in financial reporting processes. We recommended that the Authority ensures its finance team is sufficiently resourced, with the appropriate skills.

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

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

- Financial sustainability: how the 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 have documented 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 have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

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

We cannot formally conclude the audit and issue an audit certificate for Nuneaton and Bedworth Borough Council for the year ended 31 March 2022 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed our consideration of an objections brought to our attention in a prior year by local authority electors under Section 27 of the Local Audit and Accountability Act 2014. We are satisfied that these matters do not have a material effect on the financial statements or on our conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

Use of our report

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

Laurelin Griffiths

Laurelin Griffiths, Key Audit Partner

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

Birmingham

10 December 2024