



# **Unaudited Statement of Accounts Rugby Borough Council 2023/24**

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# Narrative Report

## Narrative Report of the Chief Officer – Finance and Performance

Dear Reader,

I am pleased to present the Rugby Borough Council Statement of Accounts (the Accounts) for the financial year 2023/24 and I hope you will find them of interest.

The purpose of the Accounts is to summarise the financial performance for the year 2023/24 and the overall financial position of the Council. It is intended that these Accounts will provide a useful and important source of financial information for the community, stakeholders, councillors and other interested parties.

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

The Narrative Report provides information about Rugby, including the key issues affecting the Council and its Accounts. It also provides a summary of the financial position at 31 March 2024 and is structured as follows:

- About Rugby Borough Council
- Governance
- Corporate Strategy 2021-24
- Financial Overview 2023/24
- Future Financial Outlook and Financial Resilience
- Finance Resilience Conclusion
- Financial Statements
- Further Information



Jon Illingworth CPFA  
Chief Officer – Finance and Performance  
31 May 2024

## About Rugby Borough Council

The Borough of Rugby covers an area of 138 square miles and is on the eastern edge of the West Midlands region, bordering directly on to the counties of Northamptonshire and Leicestershire. It is the fastest growing Borough in the West Midlands and one of the fastest growing nationally.

The largest centre of population is the market town of Rugby with two thirds of the Borough's 114,400 residents living in the town. The Borough has 41 parishes, mainly covering the rural areas, with villages ranging in size from 20 to 3,000 people.

Rugby Borough Council employs more than 500 people across several locations including Rugby Town Hall, Hunters Lane Depot, Rugby Art Gallery and Museum and the Rainsbrook Crematorium. From these locations, the Council delivers a wide range of services, supporting our communities, and helping to make the Borough a place in which our residents can be proud to live.

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

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

Between the last two censuses (held in 2011 and 2021), the population of Rugby increased by 14.3%, from around 100,100 in 2011 to around 114,400 in 2021. Rugby's population saw the largest percentage increase in the West Midlands, with the overall population of the West Midlands and England increasing by 6.2% and 6.6% respectively.

The age profile of our residents has also changed. The number of people aged 50 to 64 years rose by around 3,700 (an increase of 20%), while the number of residents between 16 and 19 years fell by around 100 (2.5% decrease).

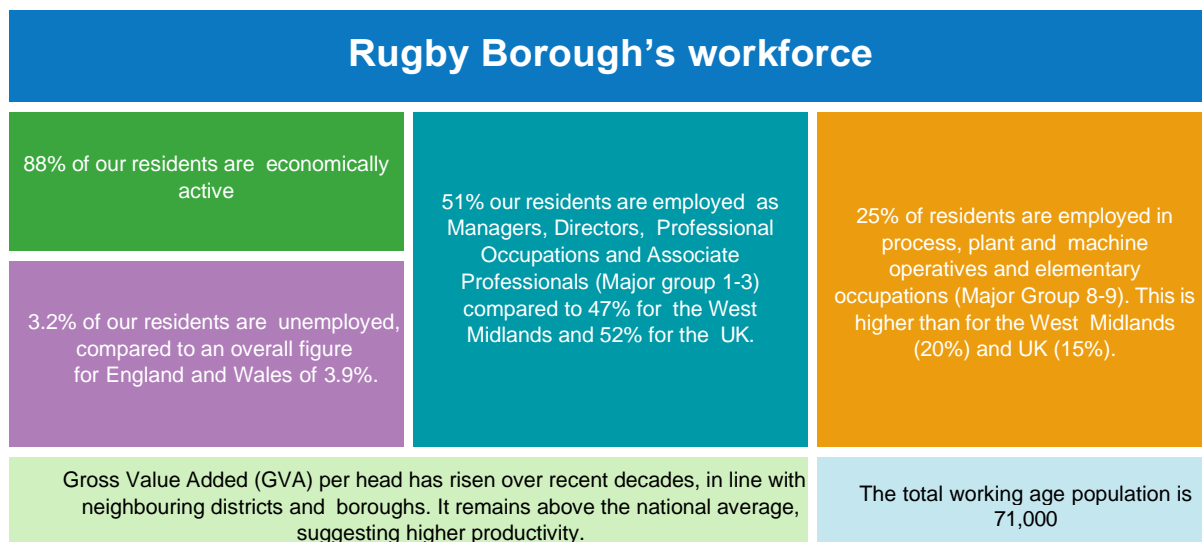
The rise in population was largely due to people migrating into the area and more single parent families, and also as a result of increased birth rates and people living longer. The projected population increase of the borough between 2010 and 2035 is expected to be 30%, which will bring the population to more than 130,000.

Rugby's location means it is well connected to all parts of the UK. The West Coast Mainline connects Rugby to Central London within an hour and Birmingham within half an hour. Rugby also sits within the inner 'Golden Triangle', on the strategic road network (M6/M1/M69/A5/A14) which is considered the prime location for logistics and warehousing with 90% of the UK population reachable within four hours. Immediately adjacent to Rugby's southwestern boundary is DIRFT (Daventry International Rail Freight Terminal) which provides rail goods links to the deep seaports.

Rugby's businesses in terms of size are focused on the small (10-49 employees) and micro (0-9 employees) business categories. Of the 5025 businesses operating in the Borough, 98% fall into these two categories.



The Borough also houses significant employers including Jaguar Landrover's Specialist Vehicle Operations division at Ryton, which produces around 10,000 specialist and high-performance vehicles each year. The technology centre at Ansty Park is also home to major employers such as Meggitt, the London Electric Vehicle Company (which makes the iconic London Taxi) and the Advanced Manufacturing Technology Centre, making Rugby a hub for modern manufacturing and technologies.



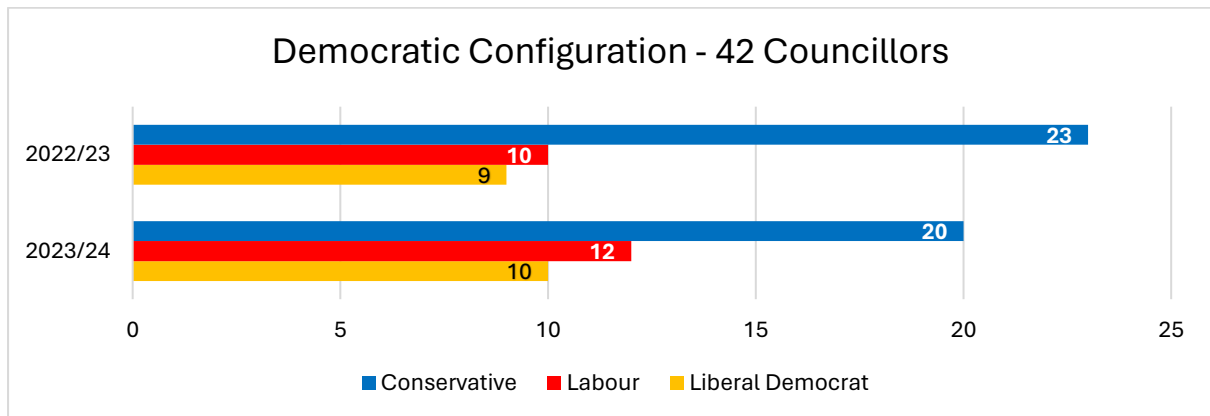
## Climate Emergency

The Council has taken a leadership role in co-ordinating the Borough's response to the Climate Emergency. This effort extends beyond factors within the Council's immediate controls, recognising that climate change can only be successfully addressed by harnessing the collective knowledge, capacity, and skills of Rugby's communities and partner organisations. Some of the initiatives include:

- developing and launching the [rugby.netzero.co.uk](http://rugby.netzero.co.uk) website, which is envisaged will become a resource for the whole community;
- facilitating community led discussions regarding the development of a Rugby climate emergency centre;
- engaging local businesses through business breakfasts and other meetings to offer support to them in delivering their own climate ambitions;
- working with public bodies to ensure alignment of climate change ambition and action;
- adopting a Climate Change and Sustainable Design and Construction Supplementary Planning Document (SPD), covering matters such as energy efficiency and renewable energy, flood risk and flood resilience, sustainable drainage, green infrastructure and landscaping, and broadband.

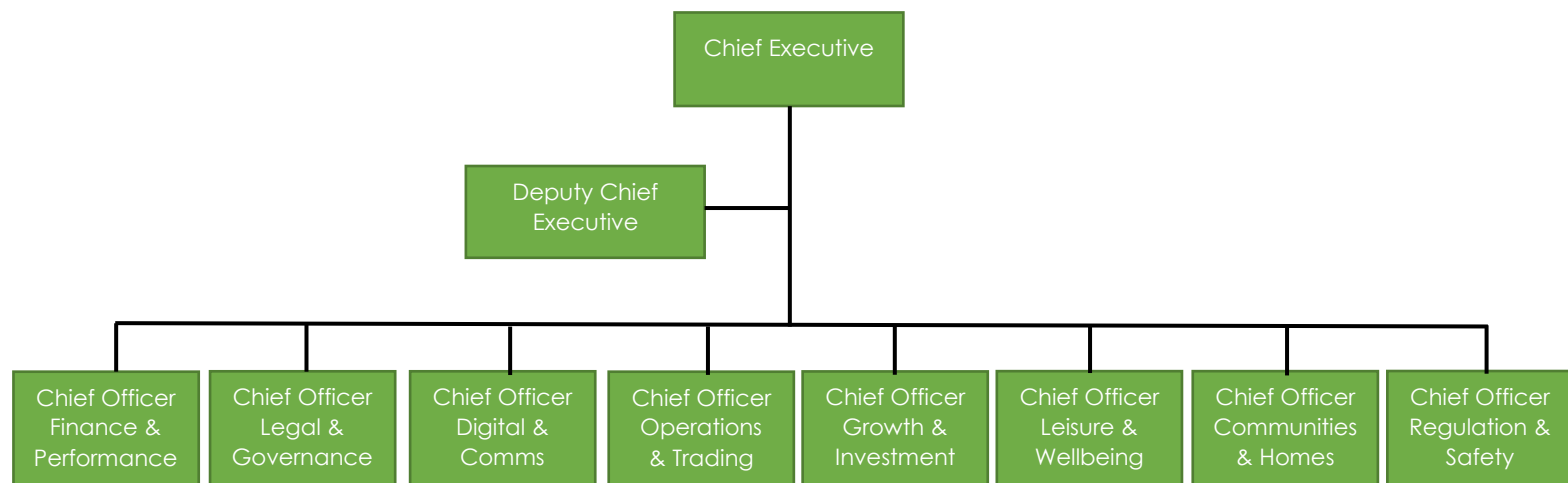
## Political Structure in the 2023/24 Municipal Year

Rugby Borough Council has 42 Councillors representing 16 wards. In 2023/24 the makeup of the Council was 20 Conservative, 12 Labour and 10 Liberal Democrat. This means that the Council is in overall control. Borough elections were held on 4 May 2023 and there were two additional by-elections contested during the year.



## Management Structure

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





## Governance

The Annual Governance Statement, which accompanies these financial statements, sets out the Councils' governance framework and an assessment of its effectiveness. The statement was prepared by the Section 151 officer in conjunction with the Interim Corporate Assurance Manager and concludes that the overall governance framework continues to provide a Substantial level of assurance of effectiveness.

Further enhancements were made to governance arrangements during 2023/24 including:

- An independent peer challenge review of the Council's management arrangements.
- Implementation of a new Anti-Fraud, Bribery and Corruption Action Plan.
- Introduction of a more thorough approach to compiling and assessing risk registers.
- Implemented the use of a Power BI dashboard, which makes information more accessible and easier to understand and interpret for officers and members.

The Council is committed to ensuring continuous improvement in its governance year-on-year and an action plan has been developed for 2024/25. This includes:

- Further development of the dashboards for reporting and monitoring.
- Regular assurance updates from key areas including finance, risk, HR and health and safety.
- Introduction of standard approach to risk registers with refresh of risks.
- Regular monitoring and review of operational services and functions that have high risks.
- Consider the approach for reporting and monitoring management information and implement any necessary improvements to the current methods.

## Corporate Strategy 2021-24

In 2021, the Council adopted its current Corporate Strategy. The Corporate Strategy shapes and directs the Council's work until 2024 and focusses on the delivery of the four corporate outcomes.



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

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

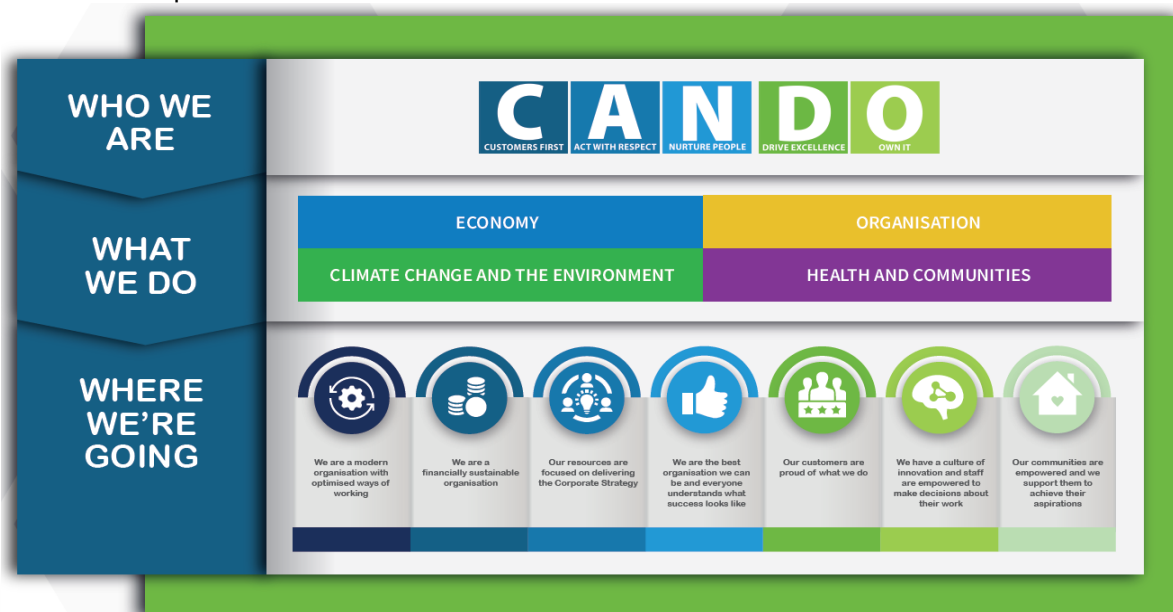
- Rugby is an environmentally sustainable place, where stakeholders work together to reduce and mitigate the effects of climate change.
- Rugby has a diverse and resilient economy, which benefits all residents.
- Residents are able to live healthy, independent lives, with the most vulnerable protected.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

Each year, officers and councillors formulate an annual Corporate Strategy Delivery Plan which is thereafter agreed at Full Council. This sets out the actions that will be undertaken over the coming year to deliver against the Corporate Strategy outcomes. The delivery plan reflects work contained within all service plans as well as statutory responsibilities and the Council’s ongoing transformation programme.

As we continue to embed our performance management framework, employee appraisal forms will be introduced from 2024/25 to enable objectives to be set for employees. This approach seeks to ensure that a “golden thread” runs through all of the Council’s work and supports all employees to readily see how their work supports delivery of the Corporate Strategy.

The Corporate Strategy Delivery Plan is a live document, which is intended to be updated throughout the year to reflect changes in the local government landscape and areas of emerging or urgent need, for example. The delivery plan is monitored by the Leadership Team via a programme board and at the end of each financial year, officers produce a corporate strategy annual report, detailing progress against the delivery of the Corporate Strategy and key achievements during the year. The report also provides an opportunity to celebrate our successes and thank employees for their achievements.

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



Through delivering the corporate strategy report, the Council continues to provide details of some of its work from the last 12 months, highlighting some of the key achievements. As always, essential services remain at the heart of what the Council does and this has been achieved through the ongoing commitment of colleagues within the Council. A summary of the successes can be seen in the table below;

<b>Successes</b>		
<p><b>Climate</b></p> <ul style="list-style-type: none"> <li>• We began a £2.2m scheme to improve 112 of our hardest to heat properties in Rokeby and Long Lawford via the Social Housing Decarbonisation Fund</li> <li>• 175 trees have been planted on our green spaces</li> <li>• 4 electric vehicles added to the council fleet including the Mayoral car</li> <li>• 70.44% of our council owned homes met EPC 'C' or above – up from 68% as at March 2023.</li> </ul>	<p><b>Economy</b></p> <ul style="list-style-type: none"> <li>• Through the UKSPF scheme we have invested £0.626m into town centre activity schemes</li> <li>• Rugby Art Gallery and Museum generated an estimated £1.2m of economic impact value in the town centre</li> <li>• Business Growth - Working with Warwickshire County Council in partnership to support up to 300 small businesses in six areas including start ups, resilience &amp; growth, high growth and innovation, net zero, manufacturing and tourism committing a total of £319,150 between 2023 and 2025.</li> <li>• Established a cross party Town Centre Regeneration Working Group to prioritise the delivery of the regeneration of Rugby Town Centre and support the delivery of the action plan</li> </ul>	<p><b>Organisation</b></p> <ul style="list-style-type: none"> <li>• We were in the top 10 of all councils nationally to publish an audited set of accounts for 2022/23</li> <li>• Increased our number of electronic council tax bills with now over 44% of residents receiving an e-bill</li> <li>• Implemented a new risk management approach including dashboard reporting of key management information</li> <li>• Successfully progressed the Community Infrastructure Levy (CIL) through independent examination and to adoption, with the charge to be introduced from 1 April 2024</li> </ul>
<p><b>Health and Communities</b></p> <ul style="list-style-type: none"> <li>• We have started a stock condition survey of our housing stock</li> <li>• We have supported 104 financially vulnerable residents to acquire high performing white goods using the UKSPF grant scheme</li> <li>• Construction commenced at Biart Place for 100 new affordable homes.</li> <li>• Area Action Plans have been adopted for the Benn and New Bilton Wards as part of the Rugby hyper local approach to Levelling Up.</li> </ul>		

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



**Commitment/deliverability**

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



**Value for resource**

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



**Innovation**

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



**Reward and return**

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

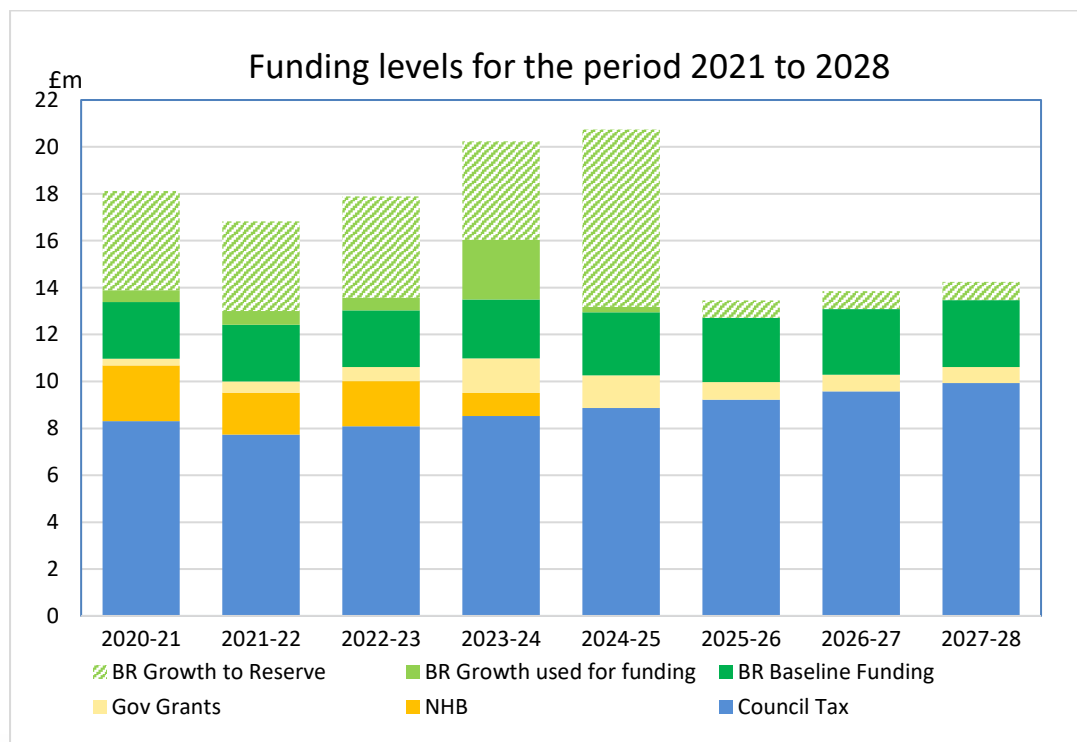


**Aspiration and inspiration**

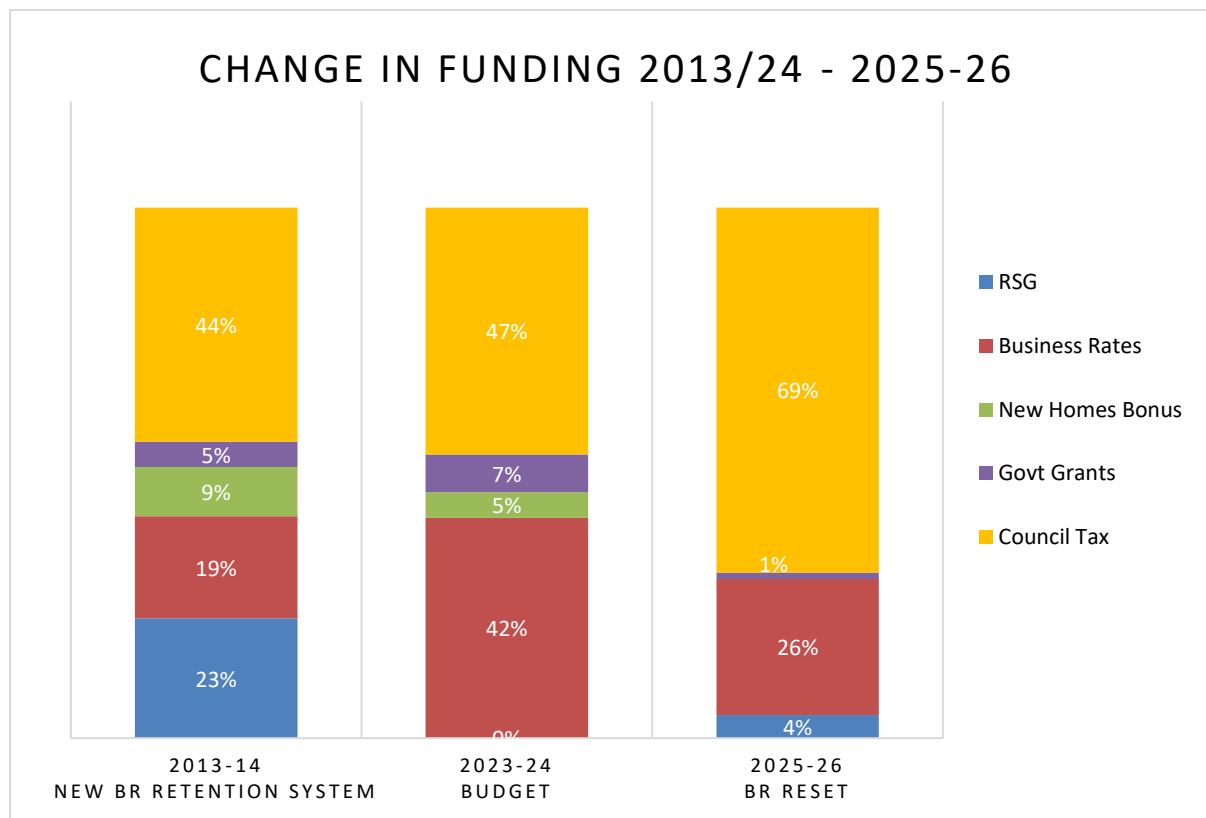
Ensuring that we aspire and inspire the organisation to do the right things and that we create the right opportunities. Deliver the corporate priorities to get the best value, outcomes and services for our residents and businesses.

**Financial Overview 2023/24**

The sources of external funding for the Council since 2020/21 are detailed in the table below. Largely it comes from two sources, Council Tax and Business Rates. Council Tax income remains relatively consistent throughout the period at the level between £8 to £10m. The annual increases derive from a combination of inflationary increases (capped at the greater of 2.99% or £5 from 2023/24) and growth of the tax base which relates to the increase in households in the borough.



Under the scheme that was established in 2013/14, the Council retains 50% of any growth in business rates over its baseline value which is £2.610m in 2023/24. As a high growth borough this has been a significant advantage to Rugby with retained growth of (£7.237m) in 2023/24 and since 2017 this growth has been contributed to the Business Rates Equalisation Reserve (BRER). Under plans announced by Government in 2017 the baseline level of Business Rates is expected to be reset which could mean that the Council would no longer benefit from growth above the baseline value, in effect a £7.237m real terms. The table below demonstrates that as well as receiving a significant reduction in income as a result of the reset, the % of Council funding received from Business Rates has increased from 19% - 42%. In 2013/14 Council Tax equated to around 44% of the funding of the Council, it is expected that this will increase to 69% by the time we reach 2025/26.



### Medium Term Financial Strategy

The existing Medium Term Financial Strategy (MTFS) covers the period 2023/24 – 2026/27. The document aligns with the Corporate Strategy and there are a number of core principles that also underline the Medium Term Financial Strategy (MTFS):

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

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

- Capital Strategy
- Treasury Management Strategy



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

The MTFs is updated as part of the annual budget setting process. This allows the organisation to be adaptable in a period of uncertainty around key Government funding decisions but is also a more effective planning tool.

### **Council Tax**

At the end of March 2024, the Council tax base was 2.15% above the approved budget and as a result the Collection Fund is in surplus at year end of £0.139m.

### **Business Rates**

During 2023/24 the actual business rates billed and accounted for was higher than the budgeted amount. As a result, there is an overall outturn surplus on the Collection Fund of (£1.401m) at the end of 2023/24.

### **General Fund**

The budget for 2023/24 was approved on 22 February 2023. This included portfolio related spend of £18.501m which is an increase of £2.357m from the 2022/23 financial year. Portfolio related spend includes the costs and fees and charges relating to the services that we provide.

Expenditure items include £2.790m in relation to inflation and salary adjustments and service growth of £0.758m. To offset this, income and savings of (£3.751m) were identified. The total budget for the General fund was £20.635m. This is a decrease of £0.244m from 2022/23.

Included within the budget was income from Council Tax of (£9.599m) and business rates of (£8.572m), of which (£5.836m) is contributed to the business rates equalisation reserve to mitigate against the impact of the business rates reset expected on the 1 April 2025.

The 2023/24 total Portfolio expenditure was £20.228m against a revised budget of £18.585m, resulting in a pressure of £1.643m. After adjusting for the net cost of borrowing and other corporate items totalling (£3.203m), the net saving on Revenue expenditure is (£0.410m). Taking into account the transfers to/from reserves of £4.494m and Funding items of (£22.202m), the overall net position of the Council for 2023/24 is an underspend of (£0.683m) that will be transferred to the Transformation Reserve.



## Portfolio expenditure and Financing

The year-end position is set out in the following table.

The top half of the table shows portfolio expenditure and corporate items to give net revenue expenditure. The bottom half of the table shows the sources of income from which the net revenue expenditure was financed, to give the final net budget position for the year.

Portfolio	Revised Budget £000	2023/24 Spend £000	Carry forward and Reserves £000	Revised Actual £000	Net Variance £000
Communities, Homes, Digital and Communications	2,707	2,738	-	2,738	31
Finance, Performance, Legal and Governance	3,533	3,828	(1)	3,827	294
Growth and Investment	1,527	1,687	-	1,687	160
Leisure and Wellbeing	4,094	4,357	(6)	4,351	257
Operation and Traded Services	5,446	6,294	(42)	6,252	806
Regulation and Safety	1,520	1,389	-	1,389	(131)
Chief Executive	(10)	(33)	100	67	77
Change and Transformation	(232)	(83)	-	(83)	149
<b>Net Portfolio Expenditure</b>	<b>18,585</b>	<b>20,177</b>	<b>51</b>	<b>20,228</b>	<b>1,643</b>
Corporate Items	(1,150)	(3,165)	(38)	(3,203)	(2,053)
<b>Total Net Revenue Expenditure</b>	<b>17,435</b>	<b>17,012</b>	<b>13</b>	<b>17,025</b>	<b>(410)</b>
Retained Business Rates	(8,572)	(10,109)	-	(10,109)	(1,537)
Council Tax	(9,599)	(9,599)	-	(9,599)	-
New Homes Bonus Grant	(987)	(987)	-	(987)	-
Other Grants	(1,477)	(1,507)	-	(1,507)	(30)
<b>Total Corporate Income</b>	<b>(20,635)</b>	<b>(22,202)</b>	<b>-</b>	<b>(22,202)</b>	<b>(1,567)</b>
Carry forward from 2022/23	(168)	(168)	-	(168)	-
Contribution to Earmarked Reserves	5,000	4,963	-	4,963	(37)
Contribution to/from Budget Stability Reserve	69	-	-	-	(69)
Contribution to/from Business Rates Equalisation Reserve	(1,701)	(301)	-	(301)	1,400
<b>Total Transfers to/from Corporate Reserves and Balances</b>	<b>3,200</b>	<b>4,494</b>	<b>-</b>	<b>4,494</b>	<b>1,294</b>
<b>Net position</b>	<b>-</b>	<b>(683)</b>	<b>-</b>	<b>(683)</b>	<b>(683)</b>

Recruitment and retention of key roles continues to be a challenge for the sector. This has seen a large number of vacancies within services across all portfolios. The level of vacant posts has generated a saving on staff costs of £1.510m which has been offset by an overspend on agency costs of £1.133m. In most cases there is a premium to using agency, this is in part due to increased competition for skilled agency workers. To maximise the chances of getting the best contractors and to limit the cost as far as possible, the Council entered into a contract with Opus in January 2024. From a procurement perspective no contract with external agency will be approved unless the role has first been advertised through Opus. Due to the recruitment challenges facing the sector jobs have had to be re-advertised on multiple occasions following unsuccessful campaigns. Recruitment expenses for the year were £0.852m.

### Corporate Items

Corporate Items are reporting an overall saving of (£2.053m). The main contributing factor to this is (£2.723m) in relation to Net Cost of Borrowing. Part of this relates to delays in the delivery of the capital programme and reduced interest expense exposure related to potential borrowing that would have occurred if the capital programme was on schedule.

### Reserves Balances and Future Strategy

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

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

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

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

Below is a summary of the reserve usage during 2023/24

Name of Reserve / Balance	Balance at 1 April 2023	Actual Contributions (To)/From	Balance at 31 March 2024
	£000	£000	£000
<b>Corporate Reserves</b>			
General Fund Balances	(2,250)	-	(2,250)
GF Revenue Carry Forward Reserve	(168)	168	-
Business Rates Equalisation	(17,041)	301	(16,740)
Budget Stability	(2,412)	(601)	(3,013)
<b>Subtotal Corporate Reserves</b>	<b>(21,871)</b>	<b>(132)</b>	<b>(22,003)</b>
Climate Change	(1,000)	-	(1,000)
Transformation reserve	(1,348)	(453)	(1,801)
Town Centre Strategy Reserve	-	(4,810)	(4,810)
Other Corporate Reserves	(2,229)	(111)	(2,340)
<b>Other Reserves</b>	<b>(4,577)</b>	<b>(5,374)</b>	<b>(9,951)</b>
Earmarked Reserves	(1,428)	(63)	(1,491)
<b>Grand Total</b>	<b>(27,876)</b>	<b>(5,569)</b>	<b>(33,445)</b>

#### Earmarked reserves

Relates to a combination of a number of smaller balances other than the ones identified separately.

## Corporate Reserves

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

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

## Collection Fund

### Council Tax

The amount accounted for within the General Fund in 2023/24 is fixed to the budgeted amount of council tax billed during the year, not the actual cash collected. Any difference between the actual amount collected and the initial forecast will generate a surplus or deficit on the Collection Fund, to be met from or credited to future years' budgets.

For 2023/24 the actual cash position for council tax was an overall surplus of (£0.139m). This will be distributed between us, Warwickshire County Council and The Office of the Police and Crime Commissioner for Warwickshire in the relevant shares, as detailed in the Collection Fund Statement Note 3. Our share of the surplus is (£0.015m) and this will be allocated to the General Fund in 2024/25.

### Business Rates

The Council sets its business rates income budget on 31 January each year and it was anticipated that the Council would generate (£62.078m) net business rates income during 2023/24 with Rugby Borough Council retaining (£9.254m).

The outturn position is shown below.

<b>Business Rates Income</b>	<b>2023/24 Budget £000</b>	<b>2023/24 Outturn £000</b>	<b>Variance £000</b>
RBC share of BR Income @ 40% (as per the NNDR1 forecast)	(24,831)	(24,831)	-
Less Tariff	15,354	15,354	-
<b>Gross Amount Retained</b>	<b>(9,477)</b>	<b>(9,477)</b>	<b>-</b>
Section 31 Grants	(3,865)	(3,514)	351
Levy Payment	4,610	3,360	(1,250)
<b>Net Retained Income</b>	<b>(8,732)</b>	<b>(9,631)</b>	<b>(899)</b>
Coventry & Warks' BR Pool Income	(500)	(1,000)	(500)
Retained Disregarded Amounts	(22)	(22)	-
<b>Total Business Rates Income</b>	<b>(9,254)</b>	<b>(10,653)</b>	<b>(1,399)</b>

The 2023/24 budget surplus of (£1.401m) is due to:

- In accordance with legislation, the business rates income recorded in the General Fund is fixed to the statutory NNDR1 estimate, no matter how much business rates are actually billed or received.
- The Council is a member of the Coventry & Warwickshire Business Rates Pool (the Pool). The pooling gain in 2023/24 was (£1.000m) which was higher than the budgeted amount of (£0.500m), due to the risk-based approach taken at budget setting.

The surplus has been transferred from the General Fund to the Business Rates Equalisation Reserve (BRER) to offset the actual cash variance on the Collection Fund that will be charged to the General Fund budget in 2024/25.

At year end there was an overall Collection Fund deficit of £6.345m. The deficit will be distributed between ourselves, Warwickshire County Council and Central Government in the relevant shares, as detailed in the Collection Fund Statement Note 3. The Council's share of the deficit is £2.538m and this will be charged to the General Fund in 2024/25.

## Housing Revenue Account (HRA)

### Housing Revenue Account (HRA) Rents

Housing Rents were set by Council on 7 February 2023. Council agreed to a rent uplift of 7% for 2023/24 in line with government guidance.

### Housing Revenue Account (HRA) expenditure and Financing

The year-end position for 2023/24 on the HRA is per the table below.

	Revised Budget £000	Actual £000	Variance £000
Expenditure	14,462	15,871	1,409
Income	(18,461)	(19,443)	(982)
<b>Net cost of HRA Services</b>	<b>(3,999)</b>	<b>(3,572)</b>	<b>427</b>
Contributions to (+) / from (-) reserves	4,101	3,572	(529)
<b>Surplus (-) / Deficit for year</b>	<b>102</b>	<b>-</b>	<b>(102)</b>

The variance on expenditure relates to the continuing high level of void properties and the work required on them to bring them to a re-lettable condition. Income has been increased due to the interest on investments the Council holds during a year which has seen interest rates increase considerably.

### Reserve Transfers and Balances

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

In summary, there was an in-year movement of £0.009m on HRA reserves and the overall balance held as at 31 March 2024 is (£27.907m) as follows;

Name of Reserve / Balance	Balance 1 April 2023 £000	Actual Contributions (To)/From £000	Balance 31 March 2024 £000
HRA Revenue Balances	(4,085)	-	(4,085)
HRA Capital Investment Balances	(17,436)	1,938	(15,498)
HRA Major Repairs Reserve	(5,061)	(741)	(5,802)
Housing Repairs Account	-	(16)	(16)
Sheltered Housing Rent Reserve	(358)	(49)	(407)
HRA Transformation Reserve	-	(77)	(77)
HRA Climate Change Reserve	(976)	(536)	(1,512)
<b>Net cost of HRA Services</b>	<b>(27,916)</b>	<b>519</b>	<b>(27,397)</b>

## Capital

Capital expenditure is defined as expenditure on the purchase, improvement or enhancement of assets, the benefit of which impacts for longer than the year in which the expenditure is incurred. Capital expenditure for the year was £23.279m. The expenditure analysed by portfolio was:

Portfolio	Revised Budget	Actual	Year-end reprofiling	Variance
	£000	£000	£000	£000
Communities, Homes, Digital and Communications	2,775	1,473	579	(723)
Finance, Performance and Governance	59	-	30	(29)
Growth & Investment	46	31	15	-
Leisure and Wellbeing	2,018	937	1,084	3
Operation and Traded Services	3,758	2,712	1,132	86
Regulation and Safety	547	308	115	(124)
Chief Executive	9,760	-	9,760	-
<b>Total General Fund</b>	<b>18,963</b>	<b>5,461</b>	<b>12,715</b>	<b>(787)</b>
HRA	30,230	17,818	11,821	(591)
<b>Total</b>	<b>49,193</b>	<b>23,279</b>	<b>24,536</b>	<b>(1,378)</b>

### Capital Receipts and Capital Grants

At 31 March 2024, the Council also held (£14.572m) of capital receipts as follows, HRA (£12.040m) and General Fund (£2.532m) as well as (£2.388m) of capital grants and contributions that had not yet been applied for financing expenditure. In 2023/24, (£1.001m) of receipts (net of pooling payments) were raised from the sale of nine HRA properties under Right-to-Buy.

### Current Borrowing and Capital Resources

All of the borrowing disclosed in the balance sheet relates to the financing of capital expenditure incurred in 2023/24, earlier years, and for future years. The total currently stands at £90.9m (both short and long-term borrowing) as shown on the balance sheet.

### Pension Fund

The Council's pension fund assets at 31 March 2024 are £137.9m, an increase of £9.8m on the liability reported at 31 March 2023. The major reason behind the change is the increased return achieved by the pension fund. The overall position of the pension obligation is an increase of £15m in the surplus of the Council's pension position.

### Future Financial Outlook and Financial Resilience

The Council received an unqualified audit opinion for 2022/23 and as part of the audit the Value for Money Assessment for 2021/22 and 2022/23 was completed. The assessment looks at the Council's arrangements in three areas.

- Financial Sustainability
- Governance
- Improving economy, efficiency, and effectiveness

The Council was assessed as having no significant weaknesses in relation to governance and improving economy, efficiency, and effectiveness, but has made some recommendations for the future.

The assessment for financial sustainability identified a weakness in relation to the medium term financial savings that are required to balance the budget. This is not a unique assessment across Local Government as a whole, but for Rugby this is largely related to the uncertainty around the business rates and fair funding reviews. In taking the decision in 2017/18 to remove the reliance from using business rates growth to fund core services and transfer the growth to the business rates equalisation reserve (£7.573m in 2024/25) this has produced a savings target; the exact value will not be known until more information is provided on the changes to the system. The reserve risk assessment identifies that there are sufficient reserve balances to mitigate against the risks identified, regardless of the likelihood of occurrence.

The MTFP is based on very prudent assumptions on the future of Local Government financing. These assumptions may not come to pass and thus the Council's financial sustainability may improve considerably. Until such time that clarity emerges the Council has taken a variety of steps to prepare for the reductions in funding. Through the introduction of the budget working group and a Finance Business Partner way of working, officers are adapting the approach to suit the changing requirements of delivering financial sustainability. To further support this, an update in Operational, Corporate and Strategic risk registers and continued detailed reporting provides management information to review and analyse performance.

### Future Funding

There are a number of challenges in delivering a balanced position for the MTFP beyond this.

The most significant being:

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

It was confirmed in the Local Government Finance Settlement (LGFS) that there would be no baseline reset in 2024/25 (initially planned for 2019/20) and is unlikely to take place for a further two years. This means the Business Rates Retention Scheme effectively rolls forward unchanged until 2025/26. This provides some confidence that a continued benefit of retained growth of above the baseline will be available to be transferred into the Business Rates Equalisation Reserve.

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

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

### Other challenges

In addition to the funding risk, the Council also faces a challenge with the workforce. Local government is facing an increasing workforce risk as there is a shortage of supply in some key service areas including Planning and Financial Services and Rugby is not immune to this. With the workforce now able to gain the benefits of hybrid working and incentives from other sectors that local government cannot match, recruitment and retention is challenging. Although there are plans in place, such as the introduction of seven new posts as set out in the 2024/25 budget and through a new contract for temporary staff through Opus, there is a risk that there is insufficient capacity to deliver the proposals in this budget.

It has been reported that sickness absence is currently high, and this puts further risk on the workforce. Through the update of the HR strategy there will be actions to mitigate against this.



## 2024/25 budget

The 2024/25 General Fund revenue balanced budget was delivered and approved on 21 February 2024 and totalled a net £21.746m. This is an increase of £1.11m from 2023/24. Portfolio service expenditure increased by £0.337m from £18.520m to £18.857m. Significant expenditure items include £1.503m in relation to inflation and salary adjustments and service growth of £1.522m. To offset this, income and savings of (£2.250m) have been identified and through the completion of savings delivery plans the delivery will be RAG rated and through post-delivery reviews the impact of the items will be analysed by the Leadership Team.

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

**(£1.561m)** - 4% Funding Guarantee. Continues into 2024/25. This ensures every authority has a 4% increase in government funding (this essentially measures the change in Core Spending Power excluding Band D). It will be funded from "a proportion of" NHB legacy payments and the current Lower Tier Services Grant.

**(£0.732m)** - New Homes Bonus (NHB) will continue in 2024/25 but there are no legacy payments as these have now ceased. The MTFP assumes this will cease from 2025/26.

**(£0.304m)** - a 2.99% increase in the Band D equivalent council tax, which is in line with the maximum permitted.

## Medium Term Financial Plan

The 2024-29 Medium Term Financial Plan (MTFP) presented to Council at council tax determination is illustrated in the table below;

	2024/25	2025/26	2026/27	2027/28	2028/29
	£000	£000	£000	£000	£000
<b>BASE BUDGET</b>	<b>20,365</b>	<b>21,746</b>	<b>19,397</b>	<b>20,498</b>	<b>21,065</b>
Growth	3,025	124	606	567	600
Financial Management Adjustments	1,737	(4,453)	512	-	-
Savings	(3,033)	1,795	-	-	-
Changes in Corporate items	(349)	184	(17)	-	-
<b>Total Net Base Budget</b>	<b>21,745</b>	<b>19,396</b>	<b>20,498</b>	<b>21,065</b>	<b>21,665</b>
Government Grants	(2,648)	(337)	(320)	(304)	(312)
Business Rates	(9,074)	(3,630)	(4,168)	(4,037)	(4,097)
Council Tax	(10,023)	(10,436)	(10,892)	(11,363)	(11,851)
<b>Financed by</b>	<b>(21,745)</b>	<b>(14,403)</b>	<b>(15,380)</b>	<b>(15,704)</b>	<b>(16,260)</b>
<b>Cumulative savings/transformation required</b>	<b>-</b>	<b>4,993</b>	<b>5,118</b>	<b>5,361</b>	<b>5,405</b>
<b>In year movement in savings/transformation target</b>	<b>-</b>	<b>4,993</b>	<b>125</b>	<b>243</b>	<b>44</b>

There is a savings target of £4.993m in 2025/26 which reflects the estimated significant items:

- £1.586m reduction in government grants
- £0.732m reduction in the New Homes Bonus Grant as it is assumed the scheme will come to an end during 2024/25
- £0.513m increase in staffing costs due to increments and pay inflation
- £0.150m general inflation for goods and services

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

- Settlement Funding Assessment (SFA) income across the MTFP is assumed to remain at an estimated level of (£2.700m) on reset from 2025/26. The Review of Relative Needs and Resources will be focussing on this area of funding for all authorities which presents a risk to the Council if the assessment of needs is reduced.
- Following the reset, it is assumed that there will be a significant reduction in the proportion of growth that the authority retains. With total retained growth dropping from (£7.573m) in 2024/25 to (£0.630m) in 2025/26.
- The Council continues to contribute to the BRER with business rates growth above the sustainable baseline.

### Addressing the budget gaps

Whilst the Council cannot predict the outcome of both the fair funding and business rates baseline review, we are preparing for a significant reduction in business rates funding moving forward. The MTFP 2024/25 has highlighted the future risks to funding with officers formulating budgetary plans to address all potential scenarios. For the 2024/25 financial year, the MTFP has been increased from 4 to 5 years and will be 10 years by 2025/26. Expanding the length of the MTFP allows for more detailed analysis on the long term financial position of the Council which will support members to make informed decisions when setting the budget

In addition, the existing MTFs sets out a suite of financial policies to provide a framework that will guide our financial planning and decision making throughout the life of the strategy. These assumptions will be reviewed as part of the update of the document for the 2025/26 financial year.

### Financial Resilience Conclusion

A balanced draft General Fund revenue budget has been approved for 2024/25. The combined challenges of the current financial environment and uncertainty due to the impending general election mean that further savings and transformation need to be identified to enable delivery of a balanced budget across the medium term. The organisation's approach to dealing with retained business rates growth has artificially inflated the size of the savings. Although, this growth could have been utilised to fund services, this would potentially have been an unsustainable approach given that it would have been utilising a source of funding likely to be removed, following the reset of the business rates system. For now, the continued delay does pose a temporary benefit as the reserve continues to increase on an annual basis. That said the high level of uncertainty around retained business rates and the reset of the system presents a considerable risk to our finances from 2025/26 onwards. With the introduction of the new MTFs, we have set out how we are going to proactively tackle the challenges facing not just Rugby, but the sector as a whole.

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

## Financial Statements

The Accounts set out our income and expenditure for the year and our financial position at 31 March 2024. It is comprised of core and supplementary statements, together with disclosure notes. The format and content of the Financial Statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 which in turn is underpinned by International Financial Reporting Standards; A Glossary of key terms can be found at the end of this publication.

### The Primary Financial statements

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

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

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

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

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

### Notes to support the primary statements

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

### Supplementary Statements

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

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

### The Annual Governance Statement

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

## Further Information

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

Email: [contactcentre@rugby.gov.uk](mailto:contactcentre@rugby.gov.uk)

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

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

# Statement of Responsibilities

## Statement of Responsibilities for the Statement of Accounts

### The Council's Responsibilities

The Council is required:

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

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

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

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

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

### Certificate of the Chief Officer – Finance and Performance

I certify that this Statement of Accounts has been prepared in accordance with proper practices and presents a true and fair view of the financial position of the Council at 31 March 2024 and its expenditure and income for the year then ended.

**Jon Illingworth**  
**Chief Officer – Finance and Performance**  
Date: 31/05/2024

# The Primary Financial Statements

## Comprehensive Income and Expenditure Statement

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

2022/23				2023/24			
Gross Expenditure	Gross Income	Net Expenditure		Note	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000			£000	£000	£000
18,759	(15,245)	3,514	Communities and Homes		19,009	(15,257)	3,752
306	(146)	160	Digital and Communications		215	(52)	163
483	(81)	402	Executive Director's Office		447	(164)	283
7,329	(6,030)	1,299	Finance and Performance		2,094	(524)	1,570
3,434	(1,646)	1,788	Growth and Investment		3,808	(1,789)	2,019
17,531	(17,351)	180	Housing Revenue Account		23,772	(18,312)	5,460
2,467	(47)	2,420	Legal and Governance		2,642	(84)	2,558
6,485	(1,745)	4,740	Leisure and Wellbeing		3,170	(1,665)	1,505
8,430	(2,941)	5,489	Operations and Traded		9,888	(3,327)	6,561
3,708	(2,015)	1,693	Regulation and Safety		3,665	(2,238)	1,427
147	-	147	Corporate Items		3	(37)	(34)
<b>69,079</b>	<b>(47,247)</b>	<b>21,832</b>	<b>Total Cost of Services</b>	<b>6</b>	<b>68,713</b>	<b>(43,449)</b>	<b>25,264</b>
	415	415	Other Operating Expenditure	9		1,661	1,661
	1,730	1,730	Financing and Investment Income and Expenditure	10		(2,425)	(2,425)
	(21,244)	(21,244)	Taxation and Non-specific Grant Income	11		(25,419)	(25,419)
		<b>2,733</b>	<b>(Surplus)/Deficit on Provision of Services</b>				<b>(919)</b>
			<b>Other Comprehensive Income and Expenditure</b>				
		(1,707)	(Surplus)/Deficit on revaluation of non-current assets				(11,225)
		(47,739)	Remeasurement of the net defined benefit liability/(asset)				(18,626)
		<b>(49,446)</b>	<b>Total Other Comprehensive Income and Expenditure</b>				<b>(29,851)</b>
		<b>(46,713)</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>(30,770)</b>



## Movement in Reserves

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

2023/24	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2023</b>	(27,875)	(22,855)	(5,061)	(17,506)	(22)	<b>(73,319)</b>	(190,141)	<b>(263,460)</b>
<b>Movement in Reserves during 2023/24</b>								
Total Comprehensive Income and Expenditure	1,340	(422)	-	-	-	<b>918</b>	-	<b>918</b>
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	(29,850)	<b>(29,850)</b>
Adjustments between accounting basis and funding basis under regulations (note 7)	(2,782)	470	(634)	2,935	-	<b>(11)</b>	11	-
<b>(Increase)/Decrease in 2023/24</b>	<b>(1,442)</b>	<b>48</b>	<b>(634)</b>	<b>2,935</b>	<b>-</b>	<b>907</b>	<b>(29,839)</b>	<b>(28,932)</b>
Other movements	(1,886)	48	-	-	-	<b>(1,838)</b>	31	<b>(1,807)</b>
<b>Balance at 31 March 2024</b>	<b>(31,203)</b>	<b>(22,759)</b>	<b>(5,695)</b>	<b>(14,571)</b>	<b>(22)</b>	<b>(74,250)</b>	<b>(219,949)</b>	<b>(294,199)</b>

2022/23	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2022</b>	<b>(21,982)</b>	<b>(19,710)</b>	<b>(15,854)</b>	<b>(3,805)</b>	<b>(631)</b>	<b>(61,982)</b>	<b>(154,730)</b>	<b>(216,712)</b>
<b>Movement in Reserves during 2022/23</b>								
Total Comprehensive Income and Expenditure	3,983	(1,249)	-	-	-	2,734	(49,446)	(46,712)
Adjustments between accounting basis and funding basis under regulations (Note 7)	(9,813)	(2,180)	(1,652)	(1,000)	610	<b>(14,035)</b>	14,035	-
Other movements	<b>(36)</b>	<b>256</b>	-	<b>(256)</b>	-	<b>(36)</b>	-	<b>(36)</b>
<b>(Increase)/Decrease in 2022/23</b>	<b>(5,866)</b>	<b>(3,193)</b>	<b>(1,652)</b>	<b>(1,256)</b>	<b>610</b>	<b>(11,337)</b>	<b>(35,411)</b>	<b>(46,748)</b>
<b>Balance at 31 March 2023</b>	<b>(27,848)</b>	<b>(22,883)</b>	<b>(17,506)</b>	<b>(5,061)</b>	<b>(21)</b>	<b>(73,319)</b>	<b>(190,141)</b>	<b>(263,460)</b>

## Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves. Reserves are reported in two categories. The first category are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences adjustments between accounting basis and funding basis under regulations.'

	Note	31 March 2024 £000	31 March 2023 £000
Property, Plant and Equipment	13	256,331	240,421
Heritage Assets	14	37,535	34,505
Investment Property	15	721	690
Intangible Assets	16	788	1,076
Long Term Investments	18	734	10,874
Long Term Advances	18	6,367	5,155
Long Term Debtors	20	168	166
<b>Long Term Assets</b>		<b>302,643</b>	<b>292,887</b>
Short Term Investments	18	78,421	54,535
Assets Held for Sale	17	72	76
Inventories		218	256
Short Term Debtors	20	29,458	19,874
Cash and Cash Equivalents	19	183	13,037
<b>Current Assets</b>		<b>108,352</b>	<b>87,778</b>
Short Term Borrowings	18	(7,581)	(449)
Short Term Creditors	21	(25,835)	(21,351)
Short Term Provisions	22	(559)	(255)
<b>Current Liabilities</b>		<b>(33,975)</b>	<b>(22,055)</b>
Long Term Provisions	22	(5,293)	(4,082)
Long Term Creditors	21	(709)	(661)
Long Term Borrowing	18	(83,355)	(83,376)
Pension Liabilities	34	15,349	0
Grant Receipts in Advance	12	(8,812)	(7,031)
<b>Long Term Liabilities</b>		<b>(82,820)</b>	<b>(95,150)</b>
<b>Net Assets</b>		<b>294,200</b>	<b>263,460</b>
Usable Reserves	23	(74,251)	(73,319)
Unusable Reserves	25	(219,949)	(190,141)
<b>Total Reserves</b>		<b>(294,200)</b>	<b>(263,460)</b>

## Cash Flow Statement

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

	Note	2023/24	2022/23
		£000	£000
Net (Surplus) or deficit on the provision of services		(918)	(2,734)
Adjustment to net surplus or deficit on the provision of services for non-cash movements	26	13,855	14,153
Adjustments for items included in the net surplus or deficit for the provision of services that are investing and financing activities	26	(4,529)	(1,207)
<b>Net cash flows from Operating activities</b>		<b>8,408</b>	<b>10,212</b>
Investing activities	27	(33,369)	6,735
Financing activities	28	12,107	(18,290)
<b>Net increase or (decrease) in cash and cash equivalents</b>		<b>(12,854)</b>	<b>(1,343)</b>
Cash and Cash equivalents at the beginning of the reporting period		13,037	14,380
<b>Cash and Cash equivalents at 31 March 2024</b>	<b>19</b>	<b>183</b>	<b>13,037</b>

# Notes to the Accounting Statements

## 1 General Principles

The statement of accounts summarises the authority's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The authority is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015 which those Regulations require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

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

## 2 Accounting Standards issued, but have not yet been adopted

The Council is required to disclose information relating to the impact on its financial statements of an accounting change that will be required by a new standard that has been issued but has not yet been adopted by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the 'Code'). The Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 has introduced some changes to the accounting policies which will be required from 1 April 2024 and will be adopted by Rugby Borough Council from this date.

The standards introduced by the 2024/25 Code are:

- a) IFRS 16 Leases issued in January 2016 (but only for those local authorities that have not decided to voluntarily implement IFRS 16 in the 2023/24 year). The Council has not yet adopted this standard but has assessed, that had it done so, there would have been no material impact on the accounts.
- b) Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020.
- c) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022.
- d) Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022.
- e) International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023.
- f) Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023.

## 3 Critical judgements in applying accounting policies.

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

### Going Concern

From 2020/21 Local Authorities are required by the Code of Practice on Local Authority Accounting to prepare their accounts on the going concern basis, which is that the functions of the Council will continue in operational existence for the foreseeable future, as a local authority can only be discontinued as a result of statutory prescription.

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

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

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

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

The Council has also been prudent in its establishment of reserves, which will help the Council to invest and achieve the savings plans.

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

### Pension Liability

The Council's actuary has revalued the future liabilities owed by the Warwickshire Pension Fund on behalf of the Council and matched this with the current fair value of assets held by the pension Fund on behalf of the Council. This resulted in a surplus of £15.349m. This surplus is not an asset that is available to the Council. The Council has assessed that there is no opportunity to get a reduction in future contributions or a refund from the fund. Under IFRIC 14, the accounting standard applicable to defined pension schemes, the Actuary has considered the asset ceiling restriction amount at 31 March 2024 and this has been considered in relation to the surplus calculation.

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

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Other land and buildings £37.701m	Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.  It is estimated that the annual depreciation charge for buildings would increase by approximately £0.120m for every year that useful lives had to be reduced.
Council Dwellings £198.073m	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.	An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Financial instruments	The Council holds £6m (nominal) of units in both Property and Diversified Income Funds. The funds own retail, industrial, office, and other non-residential property holdings.	The value of Financial Instruments will be subject to review, so there may be changes to the values in the Balance Sheet in the future. Fair value gains and losses are recognised as they arrive in the Surplus/Deficit on the Provision of Services. The Council uses the statutory override introduced by the Government to transfer these gains/losses to the Financial Instruments Revaluation Reserve.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Provision for Business Rate Appeals £7.001m	The possible refund from a business rate appeal can vary depending on factors such as; the type of appeal and type of property, together with its geographical location and the probability of appeal success.	<p>Estimates have been made for the provision for refunding ratepayers who may successfully appeal against the rateable value of their properties. This includes the current and previous financial years. The estimate is based on those ratepayers who have appealed. The total appeals provision as at 31 March 2023 is £17.503m, of which the Council's share is 40% (£7.001m).</p> <p>Should the success of appeals differ from the governments expectation by 1% the effect on the Council's net assets would be £0.07m</p>
Pension liability £15.3m	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Local Government Pension Scheme, administered by Warwickshire County Council with expert advice about the assumptions to be applied.</p> <p>At 31 March 2024 the Council's share of the pension Fund liability is an asset, which means that, should the assumptions come to fruition as estimated, the Council would realise a cash surplus. However, as explained in note 3, the asset has been treated as having a nil value.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For example, a 0.1% decrease in the discount rate assumption would result in an increase in the pension asset of £2.2 million.</p> <p>A sensitivity analysis upon other variables affecting the net pension liability is set out in Note 34 Defined benefit pension schemes.</p>



## 5 Events after the Reporting Period

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

- Those that provide evidence of conditions that existed at 31 March 2024 – the Accounts are adjusted to reflect such events.
- Those that are indicative of conditions that arose after the 31 March 2024 – the Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made of the nature of the event and their estimated financial effect.

No such events have been identified.

## 6 Expenditure and Funding Analysis

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

	2023/24					Net Expenditure Chargeable to the General Fund
	Net Expenditure in the CIES	Adjustments between the Funding and Accounting Basis			Total Adjustments	
		Adjustments for Capital Purposes	Pensions Adjustments	Other Differences		
	£000	£000	£000	£000	£000	£000
Communities and Homes	3,752	(732)	(414)	32	(1,115)	2,637
Digital and Communications	162	(428)	(294)	27	(695)	(533)
Executive Director's Office	283	-	-	-	-	283
Finance and Performance	1,570	-	(324)	18	(307)	1,264
Growth and Investment	2,019	(12)	(259)	21	(251)	1,768
Housing Revenue Account	5,460	(11,560)	(575)	25	(12,110)	(6,650)
Legal and Governance	2,558	1,296	(303)	12	1,005	3,563
Leisure and Wellbeing	1,505	2	(159)	16	(141)	1,365
Operations and Traded	6,562	(804)	(870)	12	(1,662)	4,900
Regulation and Safety	1,427	(65)	(283)	14	(333)	1,094
Corporate Items	(34)	-	-	-	-	(34)
<b>Cost of Services</b>	<b>25,265</b>	<b>(12,303)</b>	<b>(3,482)</b>	<b>177</b>	<b>(15,609)</b>	<b>9,656</b>
Other income and expenditure	(26,183)	15,318	206	(2,048)	13,403	(12,781)
<b>(Surplus) or Deficit</b>	<b>(918)</b>	<b>3,015</b>	<b>(3,277)</b>	<b>(1,872)</b>	<b>(2,206)</b>	<b>(3,124)</b>

Opening General Fund Balances	(50,730)
Surplus/(Deficit) on General Fund in Year	(3,124)
<b>Closing General Fund Balances</b>	<b>(53,854)</b>

	2022/23					
	Net Expenditure in the CIES	Adjustments between the Funding and Accounting Basis				Net Expenditure Chargeable to the General Fund
		Adjustments for Capital Purposes	Pensions Adjustments	Other Differences	Total Adjustments	
£000	£000	£000	£000	£000	£000	
Communities and Homes	3,514	(455)	(412)	16	(851)	2,663
Digital and Communications	160	(411)	(307)	6	(712)	(552)
Executive Director's Office	402	0	(181)	(1)	(182)	220
Finance and Performance	1,299	0	(327)	11	(316)	983
Growth and Investment	1,788	(9)	(267)	3	(273)	1,515
Housing Revenue Account	180	(6,538)	(590)	10	(7,118)	(6,938)
Legal and Governance	2,420	(1,700)	(284)	14	(1,970)	450
Leisure and Wellbeing	4,740	0	(178)	2	(176)	4,564
Operations and Traded	5,489	(748)	(846)	39	(1,555)	3,934
Regulation and Safety	1,693	(355)	(304)	14	(645)	1,048
Corporate Items	147	0	0	0	0	147
<b>Cost of Services</b>	<b>21,832</b>	<b>(10,216)</b>	<b>(3,696)</b>	<b>114</b>	<b>(13,798)</b>	<b>8,034</b>
Other income and expenditure	(19,099)	6779	(972)	(3,781)	2,026	(17,073)
<b>(Surplus) or Deficit</b>	<b>2,733</b>	<b>(3,437)</b>	<b>(4,668)</b>	<b>(3,667)</b>	<b>(11,772)</b>	<b>(9,039)</b>

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

## 7 Adjustments between Accounting Basis and Funding Basis under Regulations

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

### General Fund Balance

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

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

## Housing Revenue Account

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

## Major Repairs Reserve

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

## Capital Receipts Reserve

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

## Capital Grants Unapplied

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

2023/24	General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total usable reserves £000
<b>Adjustments to Revenue Resources</b>						
Adjustments by which income and expenditure included in the in comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:	-	-	-	-	-	-
Pension costs (transferred to/from the Pensions Reserve)	(2,753)	(524)	-	-	-	(3,277)
Financial Instruments (transferred to/from the Financial Instruments Adjustments Account)	(227)	-	-	-	-	(227)
Council Tax and NDR (transfers to/from the Collection Fund)	(1,725)	-	-	-	-	(1,725)
Holiday Pay (transferred to/from the Accumulated Absences Reserve)	156	32	-	-	-	188
Reversal of entries included in the Surplus/Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	136	(6,035)	(3,241)	-	-	(9,140)
<b>Total Adjustments to Revenue Resources</b>	<b>(4,413)</b>	<b>(6,527)</b>	<b>(3,241)</b>	<b>-</b>	<b>-</b>	<b>(14,182)</b>

<b>Adjustments between Revenue and Capital Resources</b>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	26	1,001	-	(1,028)	-	-
Transfer of unattached capital receipts	13	138	-	(151)	-	-
Capital grants and contributions unapplied credited to the CIES	1,297	-	-	-	-	1,297
Capital expenditure charged against revenue balances	263	5,890	-	-	-	6,153
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>1,599</b>	<b>7,029</b>	<b>-</b>	<b>(1,179)</b>	<b>-</b>	<b>7,450</b>
<b>Adjustments to Capital Resources</b>						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	-	4,113	-	4,113
Use of the Major Repairs Reserve to finance capital expenditure	-	-	2,607	-	-	2,607
<b>Total Adjustments to Capital Resources</b>	<b>-</b>	<b>-</b>	<b>2,607</b>	<b>4,113</b>	<b>-</b>	<b>6,720</b>
<b>Total Adjustments</b>	<b>(2,814)</b>	<b>502</b>	<b>(634)</b>	<b>2,935</b>	<b>-</b>	<b>(12)</b>

2022/23	General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000
<b>Adjustments to Revenue Resources</b>					
Adjustments by which income and expenditure included in the in comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
Pension costs (transferred to/from the Pensions Reserve)	(3,889)	(780)	-	-	-
Financial Instruments (transferred to/from the Financial Instruments Adjustments Account)	(1,176)	-	-	-	-
Council Tax and NDR (transfers to/from the Collection Fund)	(2,626)	-	-	-	-
Holiday Pay (transferred to/from the Accumulated Absences Reserve)	110	4	-	-	-
Reversal of entries included in the Surplus/Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(2,684)	(5,873)	(3,182)	-	-
<b>Total Adjustments to Revenue Resources</b>	<b>(10,265)</b>	<b>(6,649)</b>	<b>(3,182)</b>	<b>-</b>	<b>-</b>
<b>Adjustments between Revenue and Capital Resources</b>					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	-	2,810	-	(2,810)	-
Transfer of unattached capital receipts	39	-	-	(39)	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	222	-	-	(222)	-

Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	1,413	-	-	-	-
Capital grants and contributions unapplied credited to the CIES	155	832	-	-	-
Use of Donated funds to finance capital exp	60	66	-	(66)	-
Other Adjustment	-	-	-	-	-
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>1,889</b>	<b>3,642</b>	<b>-</b>	<b>(3,071)</b>	<b>-</b>
<b>Adjustments to Capital Resources</b>					
Application of capital grants to finance capital expenditure	(610)	-	-	-	610
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	-	1,419	-
Use of the Major Repairs Reserve to finance capital expenditure	-	-	2,183	-	-
<b>Total Adjustments to Capital Resources</b>	<b>(610)</b>	<b>-</b>	<b>2,183</b>	<b>1,419</b>	<b>610</b>
<b>Total Adjustments</b>	<b>(8,986)</b>	<b>(3,007)</b>	<b>(1,000)</b>	<b>(1,652)</b>	<b>610</b>

## 8 Expenditure and Income Analysis by Nature

	2023/24 £000	2022/23 £000
<b>Expenditure</b>		
Employee benefits expenses	25,945	23,993
Other service expenses	29,619	33,975
Depreciation, amortisation, impairment	12,239	9,979
Interest payments	2,742	1,829
Net interest on the net defined benefit liability	-	1,173
Precepts and levies	1,005	940
Payments to housing capital receipts pool	-	-
REFCUS	910	1,147
Gain / Impairment of financial assets	627	1,176
Loss on the disposal of assets	807	-
<b>Total expenditure</b>	<b>73,895</b>	<b>74,212</b>
<b>Income</b>		
Fees, charges and other service income	(12,049)	(9,119)
HRA dwelling rents	(16,971)	(17,099)
Net interest on the net defined benefit liability	(319)	-
Interest and investment income	(5,395)	(2,417)
Income from council tax, non-domestic rates	(29,730)	(13,629)
Government grants and contributions	(10,117)	(28,639)
Gain on disposal of assets	-	(275)
Pooling Fund refund	-	(222)
Other income	(232)	(78)
<b>Total income</b>	<b>(74,813)</b>	<b>(71,479)</b>
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>(918)</b>	<b>2,733</b>

## 9 Other Operating Expenditure

Other Operating Expenditure	2023/24	2022/23
	£000	£000
Parish Council Precepts	1,005	940
Payments to the Government housing capital receipts pool	-	(222)
Other Income - Unattached Receipts	(151)	(28)
(Gains)/Losses on the disposal of non-current assets	807	(275)
<b>Total</b>	<b>1,661</b>	<b>415</b>

## 10 Financing and Investment Income and Expenditure

Financing and Investment Income and Expenditure	2023/24	2022/23
	£000	£000
Interest Payable and similar charges	1,631	1,829
Net interest on the net defined benefit liability	(319)	1,173
Interest Receivable and similar income	(4,283)	(2,397)
Income and expenditure in relation to investment properties and changes in their fair value	(81)	(51)
(Gains)/Impairment of financial assets	627	1,176
<b>Total</b>	<b>(2,425)</b>	<b>1,730</b>

## 11 Taxation and Non-Specific Grant Income and Expenditure

Taxation and Non-Specific Grant Income	2023/24	2022/23
	£000	£000
Council Tax Income	(9,642)	(9,121)
Retained Business Rates	(20,185)	(17,780)
Business Rates Tariff Payment	15,354	13,272
Non-ring-fenced Government grants	(6,005)	(6,728)
Capital grants and contributions	(4,941)	(887)
<b>Total</b>	<b>(25,419)</b>	<b>(21,244)</b>

## 12 Grant Income

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

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

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where it has been



applied to finance capital expenditure, it is posted to the Capital Adjustment Account. Where the grant has yet to be applied, it is posted to the Capital Grant Unapplied reserve. Amounts in the Capital Grant Unapplied reserve are subsequently transferred to the Capital Adjustment Account once they have been used to fund capital expenditure.

<b>Total Grants Credited to Taxation and Non-Specific Grant Income</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
New Homes Bonus	(987)	(1,934)
Business Rates Section 31 Grants	(3,607)	(3,919)
Other Non-Specific Revenue Grants	(1,411)	(875)
<b>Revenue Grants</b>	<b>(6,005)</b>	<b>(6,728)</b>
Capital Grants Non-Conditional	-	(56)
Capital Grants Conditional	(4,447)	(389)
Capital Section 106 Funding Conditional	(494)	(441)
<b>Capital Grants</b>	<b>(4,941)</b>	<b>(886)</b>
<b>Total</b>	<b>(10,946)</b>	<b>(7,614)</b>

<b>Grants included as income in the Net Cost of Services</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
<b>Credited to Services</b>		
Department for Work and Pensions (DWP) - Housing Benefits Subsidy	(12,294)	(12,209)
Council tax energy rebate	-	(5,748)
Other DWP grants	(108)	(112)
Donations	-	(60)
DHLUC grants	(437)	(460)
Section 106 Contributions	(475)	(338)
Other Revenue Grants & Section 106 Funding	(1,589)	(1,247)
<b>Revenue Grants and Contributions</b>	<b>(14,903)</b>	<b>(20,174)</b>
DHLUC - Disabled Facilities Grant	(780)	(910)
Section 106 & Other Capital Conditional and Non-Conditional Funding	(62)	-
<b>Capital Grants and Contributions</b>	<b>(842)</b>	<b>(910)</b>
<b>Total Grants Credited to Services</b>	<b>(15,745)</b>	<b>(21,084)</b>

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

	2023/24	2022/23
	£000	£000
Revenue Section 106 Funding	(5,072)	(5,405)
Council tax rebate	-	(50)
Restart grant	-	(741)
Other Revenue grants	(1,373)	(610)
<b>Revenue Receipts Held in Advance</b>	<b>(6,445)</b>	<b>(6,806)</b>
Other Capital grants	(2,367)	(194)
<b>Capital Receipts Held in Advance</b>	<b>(2,367)</b>	<b>(194)</b>
<b>Total Receipts Held in Advance</b>	<b>(8,812)</b>	<b>(7,000)</b>

The Council also holds grants to passport to recipients. The Council has determined that, in the allocation of these grants, it is acting as an agent of the Government as the terms of payment and the recipients are not determined by the Council, and the associated income and expenditure do not form part of the Council's Financial Statements. The balance left unpaid at the year-end is held as a creditor. Details of the funds received where the Council acts as agent are shown below.

Grants received where the Council acts as an Agent	31 March 2023	Income	Expenditure	31 March 2024
	£000	£000	£000	£000
Dept of Business, Energy and Industrial Strategy - Creditor	(1,261)	(11)	1,157	(115)
<b>Total</b>	<b>(1,261)</b>	<b>(11)</b>	<b>1,157</b>	<b>(115)</b>

## 13 Property, Plant and Equipment

2023/24	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Non-Operational Assets	Assets under Construction	Total
Cost or Valuation	£000	£000	£000	£000	£000	£000	£000	£000
<b>At 1 April 2023</b>	<b>203,633</b>	<b>29,338</b>	<b>14,322</b>	<b>7,970</b>	<b>955</b>	<b>3,540</b>	<b>710</b>	<b>260,468</b>
Additions	13,469	412	2,682	210	-	-	4,648	21,421
Donations					-			-
Derecognition - disposals	(537)	-	(3,697)	(16)	-	-	-	(4,250)
Derecognition - componentisation	(1,151)	-	-	-	-	-	-	(1,151)
Reclassification	337	-	40	26	-	-	(512)	(109)
Revaluation Increases recognised in the Revaluation Reserve	-	7,631	-	-	-	-	-	7,631
Revaluation decreases recognised in the Provision of Services	(8,156)	1,767	-	-	-	-	-	(6,389)
Other movements in cost or valuation	(3,216)	-	(54)	-	-	-	-	(3,270)
<b>At 31 March 2024</b>	<b>204,379</b>	<b>39,148</b>	<b>13,293</b>	<b>8,190</b>	<b>955</b>	<b>3,540</b>	<b>4,846</b>	<b>274,351</b>
<b>Depreciation and impairment</b>								
<b>At 1 April 2023</b>	<b>(6,442)</b>	<b>(1,261)</b>	<b>(9,154)</b>	<b>(3,184)</b>	<b>-</b>	<b>(4)</b>	<b>-</b>	<b>(20,045)</b>
Charge for 2023/24	(3,097)	(563)	(1,235)	(366)	-	(5)	-	(5,266)
Derecognition - disposals	16	-	3,623	4	-	-	-	3,643
Impairment losses recognised in the revaluation reserve	-	-	-	-	-	-	-	-
Reclassification	1	-	-	-	-	-	-	-
Depreciation written out to the Provision of Services due to revaluation	-	407	-	-	-	-	-	407
Impairment losses/(reversals) recognised in the Surplus or Deficit on the Provision of Services	-	(30)	-	-	-	-	-	(30)
Other movements in cost or valuation	3216	-	54	-	-	-	-	3,270
<b>At 31 March 2024</b>	<b>(6,306)</b>	<b>(1,447)</b>	<b>(6,712)</b>	<b>(3,546)</b>	<b>-</b>	<b>(9)</b>	<b>-</b>	<b>(18,020)</b>
<b>Balance Sheet at 31 March 2024</b>	<b>198,073</b>	<b>37,701</b>	<b>6,581</b>	<b>4,644</b>	<b>955</b>	<b>3,531</b>	<b>4,846</b>	<b>256,331</b>

2022/23	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Non-Operational Assets	Assets under Construction	Total
Cost or Valuation	£000	£000	£000	£000	£000	£000	£000	£000
<b>At 1 April 2022</b>	<b>204,225</b>	<b>30,771</b>	<b>15,455</b>	<b>7,526</b>	<b>915</b>	<b>3,897</b>	<b>1,370</b>	<b>264,159</b>
Additions	5,285	182	872	449	-	-	379	7,167
Donations					60			60
Derecognition - disposals	(1,351)	-	(1,379)	-	(20)	(16)	-	(2,766)
Derecognition - componentisation	(827)	-	-	-	-	-	-	(827)
Reclassification	-	-	19	-	-	-	(1,039)	(1,020)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	1,750	(131)	-	-	-	(125)	-	1,494
Revaluation increases/(decreases) recognised in the Surplus or Deficit on the Provision of Services	(5,432)	(1,484)	-	-	-	(216)	-	(7,132)
Other movements in cost or valuation	(17)	-	(645)	(5)	-	-	-	(667)
<b>At 31 March 2023</b>	<b>203,633</b>	<b>29,338</b>	<b>14,322</b>	<b>7,970</b>	<b>955</b>	<b>3,540</b>	<b>710</b>	<b>260,468</b>
<b>Depreciation and impairment</b>								
At 1 April 2022	(6,305)	(998)	(10,032)	(2,837)	(20)	(30)	-	(20,222)
Charge for 2022/23	(3,037)	(550)	(1,119)	(352)	-	(4)	-	(5,062)
Derecognition - disposals	55	-	1,352	-	20	16	-	1,443
Impairment losses recognised in the revaluation reserve	-	(121)	-	-	-	-	-	(121)
Reclassification	-	-	-	-	-	-	-	-
Depreciation written out to the Surplus or Deficit on the Provision of Services due to revaluation	2,828	846	-	-	-	14	-	3,638
Impairment losses/(reversals) recognised in the Surplus or Deficit on the Provision of Services	-	(438)	-	-	-	-	-	(438)
Other movements	17	-	645	5	-	-	-	667
At 31 March 2023	(6,442)	(1,261)	(9,154)	(3,184)	-	(4)	-	(20,045)
<b>Balance Sheet at 31 March 2023</b>	<b>197,191</b>	<b>28,077</b>	<b>5,168</b>	<b>4,786</b>	<b>955</b>	<b>3,536</b>	<b>710</b>	<b>240,423</b>

The statement below shows the progress of the Council's rolling programme for the revaluation of non-current assets and which assets (and their values) are reviewed in each of the five years.

	Council dwellings	Other land and buildings	Total non-current assets carried at current value	Assets carried at other value	Total Valuation (All Assets)
	£000	£000	£000	£000	£000
Valued at historical cost	-	12	12	17,026	17,038
Valued at current cost in:	-	-	-	-	-
2023/24	-	29,532	29,532	-	29,532
2022/23	197,224	8,157	208,912	-	208,912
2021/22	-	-	-	-	-
2020/21	849	-	849	-	849
<b>Total</b>	<b>198,073</b>	<b>37,701</b>	<b>239,305</b>	<b>17,026</b>	<b>256,331</b>

## 14 Heritage Assets

	Art and Social History Collections	Monuments and Statues	Historic Sites/Buildings	Civic Regalia	Intangible	Total Assets
	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>						
<b>At 1 April 2023</b>	<b>5,921</b>	<b>571</b>	<b>28,379</b>	<b>213</b>	<b>15</b>	<b>35,099</b>
Additions	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
Revaluations	2,919	-	-	-	-	2,919
<b>At 31 March 2024</b>	<b>8,840</b>	<b>571</b>	<b>28,379</b>	<b>213</b>	<b>15</b>	<b>38,018</b>
<b>Depreciation</b>						
<b>At 1 April 2023</b>	<b>(578)</b>	<b>(10)</b>	<b>(2)</b>	<b>-</b>	<b>(4)</b>	<b>(594)</b>
Revaluations	713	-	-	-	-	713
Charge for year	(587)	(10)	(2)	-	(4)	(603)
<b>At 31 March 2024</b>	<b>(452)</b>	<b>(20)</b>	<b>(4)</b>	<b>-</b>	<b>(8)</b>	<b>(484)</b>
<b>Net book value at 31 March 2024</b>	<b>8,388</b>	<b>551</b>	<b>28,375</b>	<b>213</b>	<b>8</b>	<b>37,535</b>

## Revaluations of Heritage Assets

In accordance with the Council's accounting policy on Heritage Assets, valuations may be made by any method that is appropriate and relevant to the heritage asset. The art and social history collections and the civic regalia were valued for insurance purposes by external and internal valuers in 2022/23.

Historic sites, principally the Great Central Walk bridges, are assessed for insurance purposes by council engineers based on re-instatement costs. A further revaluation of the bridges was undertaken in 2023/24.

### Art Collections

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

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

## 15 Investment Properties

	2023/24	2022/23
	£000	£000
Balance at 1 April	690	690
Additions	-	-
Net gains/(losses) from fair value adjustments	31	-
Derecognition - disposals	-	-
Balance at 31 March	721	690

## 16 Intangible assets

	2023/24	2022/23
	£000	£000
Balance at 1 April	1,076	346
Additions	76	267
Amortisation	(400)	(420)
Reclassifications	36	883
Balance at 31 March	788	1,076



## 17 Assets Held for Sale

	2023/24	2022/23
	£000	£000
Balance at 1 April	76	468
Revaluation gains/(losses)	-	-
Assets unsold transferred back to PPE	-	-
Assets Sold	(76)	(392)
Assets transferred from PPE	-	-
Reclassification	72	-
<b>Balance at 31 March</b>	<b>72</b>	<b>76</b>

## 18 Financial Instruments

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

	31 March 2024		31 March 2023	
	Long Term	Short Term	Long Term	Short Term
	£000	£000	£000	£000
<b>Financial Assets</b>				
At Amortised Cost	-	72,651	10,118	48,544
At Fair Value through Profit and Loss	95	5,770	95	5,991
<b>Total Investments</b>	<b>95</b>	<b>78,421</b>	<b>10,213</b>	<b>54,535</b>
<b>Loans and Receivables</b>	<b>6,338</b>	<b>-</b>	<b>5,126</b>	<b>-</b>
Cash and Cash Equivalents	-	-	-	-
At Amortised Cost	-	183	-	13,037
<b>Total Cash and Cash Equivalents</b>	<b>-</b>	<b>183</b>	<b>-</b>	<b>13,037</b>
Trade Receivables	-	3,083	-	2,262
<b>Included in Short term debtors</b>	<b>-</b>	<b>3,083</b>	<b>-</b>	<b>2,262</b>
<b>Total Financial Assets</b>	<b>6,433</b>	<b>80,688</b>	<b>15,339</b>	<b>69,834</b>
<b>Financial Liabilities</b>				
Loans at Amortised Cost	(83,300)	(7,581)	(83,300)	(449)
Finance Lease	(38)	(22)	(60)	(22)
Short term creditors	-	(463)	-	(2,350)
<b>Total Financial Liabilities</b>	<b>(83,338)</b>	<b>(8,066)</b>	<b>(83,360)</b>	<b>(2,821)</b>

## Income, Expense, Gains and Losses

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

	2023/24			2022/23		
	Financial Liabilities Measured at Amortised Cost	Financial Assets Measured at Amortised Cost	Financial Assets Measured at Fair Value through Profit and Loss	Financial Liabilities Measured at Amortised Cost	Financial Assets Measured at Amortised Cost	Financial Assets Measured at Fair Value through Profit and Loss
	£000	£000	£000	£000	£000	£000
Interest Expense	(1,633)	-	-	(1,829)	-	-
Net loss on financial assets at fair value through profit and loss	-	-	(227)	-	-	(1,176)
<b>Total Expense in Surplus/Deficit on the Provision of Services</b>	<b>(1,633)</b>	<b>-</b>	<b>(227)</b>	<b>(1,829)</b>	<b>-</b>	<b>(1,176)</b>
Net gain on financial assets at fair value through profit and loss	-	-	-	-	-	-
Interest Income	-	3,422	838	-	1,623	522
<b>Total Income in Surplus/Deficit on the Provision of Services</b>	<b>-</b>	<b>3,422</b>	<b>838</b>	<b>-</b>	<b>1,623</b>	<b>522</b>
Gains on revaluation	-	-	227	-	-	1,176
<b>Net Gain/(Loss) for the year</b>	<b>(1,633)</b>	<b>3,422</b>	<b>838</b>	<b>(1,829)</b>	<b>1,623</b>	<b>522</b>

## Fair Values of Assets and Liabilities

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

Recurring Fair Value Measurements	Input Level in Fair Value Hierarchy	Valuation technique used to measure fair value	31 March 2024 Fair Value	31 March 2023 Fair Value
			£000	£000
Fair value through profit and loss – CCLA Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	2,205	2,296
Fair value through profit and loss – CCLA Better Care World Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	1,961	1,869

Fair value through profit and loss – Lothbury Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	1,605	1,826
Fair value through profit and loss	Level 3	Unobservable inputs for asset / liability	95	95
			<b>5,866</b>	<b>6,086</b>

There were no transfers between input levels during the financial year 2023/24. There has been no change in valuation technique used during the year for financial instruments.

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

	31 March 2024		31 March 2023	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
<b>Financial Assets held at amortised cost</b>				
Corporate, Covered and Government Bonds	-	-	-	-
Long Term Investments	-	-	10,119	9,649
	-	-	<b>10,119</b>	<b>9,649</b>
<b>Assets for which Fair Value is not disclosed</b>				
Long Term Debtors	6,338	-	5,188	-
Short Term Investments	72,651	-	48,544	-
Cash and Cash Equivalents	183	-	13,037	-
Short term debtors	3,083	-	2,263	-
<b>Sub-total</b>	<b>82,255</b>	-	<b>69,032</b>	-
<b>Total Financial Assets</b>	<b>82,255</b>	-	<b>79,151</b>	<b>9,649</b>
<b>Financial Liabilities at amortised cost</b>				
Borrowing	-	-	-	-
Public Works Loans Board	(70,016)	(26,668)	(69,892)	(30,331)
Other	(20,867)	(17,270)	(13,857)	(11,460)
<b>Total Borrowing</b>	<b>(90,883)</b>	<b>(49,938)</b>	<b>(83,749)</b>	<b>(41,791)</b>
Finance Lease	(59)	(59)	(79)	(79)
Short term creditors	(4,162)	(4,162)	(2,351)	(2,351)
<b>Total Financial Liabilities</b>	<b>(95,104)</b>	<b>(54,159)</b>	<b>(86,179)</b>	<b>(44,221)</b>

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

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

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

### The fair values are calculated as follows:

The fair value of the liabilities is lower than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans at a lower rate than was available for similar loans in the market at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2024) arising from a commitment to pay interest to lenders below current market rates.

The fair value of PWLB loans of £26.668m compares the terms of these loans with the new borrowing rates available from the PWLB. However, if the Council were to seek to repay these loans early, it would benefit from a discount, based on redemption interest rates for premature repayment of £37.084m. The exit price for the PWLB loans including the discount would be £32.812m.

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

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

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

## 19 Cash and Cash Equivalents

	31 March 2024	31 March 2023
	£000	£000
Cash held by the Council	36	22
Bank current accounts	(1,375)	7,976
Call Accounts	1,522	5,039
	183	13,037

## 20 Debtors

	31 March 2024	31 March 2023
	£000	£000
<b>Amounts due within one year</b>		
Central Government Bodies	1,043	1,478
Other local authorities (inc. Police)	21,795	13,406
Homelessness	51	130
Rent payers	1,380	1,126
Council taxpayers	1,110	1,024
Non-domestic rate payers	450	411
Housing Benefit overpayments	658	681
Other entities and individuals	2,971	1,618

	<b>29,458</b>	<b>19,874</b>
<b>Amounts due in more than one year</b>		
Employee vehicle loans	67	62
Work in default	101	104
	<b>168</b>	<b>166</b>
<b>Total</b>	<b>29,626</b>	<b>20,040</b>

## 21 Creditors

	31 March 2024	31 March 2023
	£000	£000
<b>Amounts due within one year</b>		
HM Revenue and Customs	(398)	(346)
Central Government Bodies	(15,810)	(13,548)
Other local authorities (inc. Police)	(4,877)	(4,208)
Rent payers	(457)	(379)
Council taxpayers	(131)	(140)
Other entities and individuals	(4,162)	(2,729)
<b>Total</b>	<b>(25,835)</b>	<b>(21,350)</b>
<b>Amounts due in more than one year</b>		
Funds held on behalf of third parties	(639)	(661)
Retention payment held until scheme completion	(70)	(0)
	<b>(709)</b>	<b>(661)</b>
<b>Total</b>	<b>(26,545)</b>	<b>(22,011)</b>

## 22 Provisions

	2023/24			2022/23		
	Business Rates Appeals	Other	Total	Business Rates Appeals	Other	Total
	£000	£000	£000	£000	£000	£000
<b>Short-Term Provisions</b>						
Balance at 1 April	(96)	(159)	(255)	(114)	(124)	(239)
Additional Provision made in year	32	(400)	(378)	(115)	(35)	(150)
Amounts used in year	(16)	-	(16)	116	-	116
Transfer between Long Term and Short Term	80	-	-	17	-	17
Unused amounts reversed in year	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-
<b>Balance of Short-Term Provisions at 31 March</b>	<b>-</b>	<b>(559)</b>	<b>(559)</b>	<b>(96)</b>	<b>(159)</b>	<b>(255)</b>
<b>Long Term Provisions</b>						
Balance at 1 April	(4,082)	-	(4,082)	(3,615)	-	(3,615)
Additional Provision made in year	385	-	385	(1,185)	-	(1,185)
Amounts used in year	(1,516)	-	(1,516)	735	-	735
Transfer between Long Term and Short Term	(80)	-	(80)	(17)	-	(17)
Unused amounts reversed in year	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-
<b>Balance of Long-Term Provisions at 31 March</b>	<b>(5,293)</b>	<b>-</b>	<b>(5,293)</b>	<b>(4,082)</b>	<b>-</b>	<b>(4,082)</b>
<b>Total Provision</b>	<b>(5,293)</b>	<b>(559)</b>	<b>(5,852)</b>	<b>(4,179)</b>	<b>(159)</b>	<b>(4,337)</b>

### Provision for Business Rate Appeals

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



## 23 Usable reserves

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

	31 March 2024 £000	31 March 2023 £000
General fund balance	(2,250)	(2,250)
General Fund Earmarked reserves	(30,007)	(25,625)
Housing revenue Account	(4,085)	(4,085)
Housing revenue account Earmarked reserves	(17,510)	(18,770)
Housing revenue Account – Major repairs allowance	(5,802)	(5,061)
Usable capital Receipts reserve	(14,572)	(17,506)
Unapplied capital grants reserve	(22)	(22)
<b>Total usable reserves</b>	<b>(74,251)</b>	<b>(73,319)</b>

## 24 Movements in Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2023/24 and future years.

	31 March 2022 £000	Movement 2022/23 £000	31 March 2023 £000	Movement 2023/24 £000	31 March 2024 £000
<b>General Fund</b>					
Budget Stability Reserve	(3,498)	654	(2,844)	1,020	(1,824)
Business Rates Equalisation Reserve	(11,304)	(5,737)	(17,041)	301	(16,740)
Business Support Grants Reserve	-	(200)	(200)	-	(200)
Carry forward Reserve	(1,182)	1,014	(168)	168	-
Emergency climate reserve	(500)	(500)	(1,000)	-	(1,000)
Energy Efficiency Investment Fund	(91)	(31)	(122)	(4)	(126)
Hall of Fame Licence Reserve	(51)	51	-	-	-
Revenue Grants & Contributions from Third Parties	(393)	188	(205)	8	(196)
Section 106 (Developer) Contributions - Revenue	(1,497)	(440)	(1,937)	(120)	(2,056)
Town Centre Improvement Reserve	(162)	40	(122)	-	(122)
Town Centre Strategy Reserve	-	-	-	(4,810)	(4,810)
Transformation Reserve	(400)	(948)	(1,348)	(453)	(1,801)
Waste reserve	(135)	29	(106)	42	(64)
Welfare Support Reserve	(424)	12	(412)	62	(350)
Other smaller reserves e.g. plant & equipment reserves	(94)	(26)	(120)	(596)	(716)

<b>Total General Fund Earmarked Reserves</b>	<b>(19,731)</b>	<b>(5,893)</b>	<b>(25,624)</b>	<b>(4,383)</b>	<b>(30,007)</b>
<b>HRA</b>					
HRA - Climate Change Reserve	-	(976)	<b>(976)</b>	(537)	(1,512)
Housing Repairs Account	<b>(93)</b>	93	-	(16)	(16)
Housing Revenue Account Capital Balances	<b>(15,013)</b>	(2,422)	<b>(17,435)</b>	1,937	(15,498)
Sheltered Accommodation	<b>(309)</b>	(49)	<b>(358)</b>	(49)	(407)
HRA – Transformation Reserve	-	-	-	(77)	(77)
<b>Total HRA Earmarked Reserves</b>	<b>(15,415)</b>	<b>(3,354)</b>	<b>(18,769)</b>	<b>1,259</b>	<b>(17,510)</b>
<b>Total Earmarked reserves</b>	<b>(35,146)</b>	<b>(9,246)</b>	<b>(44,393)</b>	<b>(3,124)</b>	<b>(47,516)</b>

### **Budget Stability Reserve**

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

### **Business Rates Equalisation Reserve**

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

### **Emergency climate Reserve**

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

### **Transformation Reserve**

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

### **Section 106 Developer Contributions**

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

### **Revenue Grants and Contributions from 3rd Parties**

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

### **Welfare Support Reserve**

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

### **Town Centre Strategy Reserve**

This reserve will be used for pump priming of projects within the Town Centre strategy.

## Town Centre Improvement Fund

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

## Other Smaller Reserves

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

## Housing Repairs Account and HRA Capital Investment Balances

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

## 25 Unusable Reserves

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

	31 March 2024 £000	31 March 2023 £000
Housing Act - Deferred Capital Receipt	(29)	(29)
Donated asset reserve	(60)	(60)
Revaluation Reserve	(79,509)	(69,584)
Capital Adjustment Account	(127,964)	(121,664)
Financial Instruments Revaluation Reserve	281	53
Pension Reserve	(15,349)	-
Collection Fund Adjustment Account	2,523	798
Accumulated Absences Account	158	345
	<b>(219,949)</b>	<b>(190,141)</b>

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

## Revaluation Reserve

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

	2023/24			2022/23
	General Fund £000	HRA £000	Total £000	Total £000
<b>Opening Balance</b>	<b>(38,824)</b>	<b>(30,760)</b>	<b>(69,584)</b>	<b>(69,368)</b>
Upward Revaluation of assets	(11,976)	-	<b>(11,976)</b>	(2,592)

Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	751	-	751	885
<b>Surplus on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services</b>	<b>(50,049)</b>	<b>(30,760)</b>	<b>(80,809)</b>	<b>(71,075)</b>
Difference between fair value depreciation and historical cost depreciation	614	546	1,160	1,146
Accumulated gains on assets sold or scrapped	-	140	140	345
<b>Balance as at 31 March</b>	<b>(49,435)</b>	<b>(30,074)</b>	<b>(79,509)</b>	<b>(69,584)</b>

### Capital Adjustment Account

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

	2023/24 £000	2022/23 £000
<b>Opening Balance</b>	<b>(121,664)</b>	<b>(125,911)</b>
<b>Reversal of Items relating to Capital Expenditure debited or credited to the Comprehensive Income and Expenditure Statement</b>		
General Fund charges for depreciation of non-current assets	2,587	2,445
HRA charges for depreciation of non-current assets	3,241	3,182
Revaluation and impairment loss: Property, Plant and Equipment	6,012	3,932
Amortisation of Intangible Assets	399	4,201
Changes in the Fair Value of investments	(31)	-
Revenue Expenditure funded from Capital under Statute	910	1,147
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	1,835	2,544
	<b>14,954</b>	<b>13,670</b>
Adjusting Amounts written out of the Revaluation Reserve	(1,299)	(1,491)
<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>(108,010)</b>	<b>(113,732)</b>
Capital financing applied in the year		
Use of the Capital Receipts Reserve to finance new capital expenditure	(4,113)	(1,419)
Capital expenditure charged against the General Fund and HRA balances	(6,153)	(988)
Use of the Major Repairs Reserve to finance new capital expenditure	(2,607)	(2,183)
Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(5,784)	(1,930)
Provision for the financing of capital investment charged against the General Fund and HRA	(1,297)	(1,412)
	<b>(19,954)</b>	<b>(7,932)</b>
	<b>(127,964)</b>	<b>(121,664)</b>

### Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and

Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The credit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits become payable.

	31 March 2024	31 March 2023
	£000	£000
<b>Balance at 1 April</b>	-	<b>43,070</b>
Remeasurement of the net defined benefit liability	(18,626)	(54,310)
Reversal of items relating to retirement benefits included in the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	3,277	4,669
IFRIC 14 adjustment, to reduce the asset ceiling	-	6,571
<b>Balance as at 31 March</b>	<b>(15,349)</b>	-

#### Collection Fund Adjustment Account

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

	31 March 2024	31 March 2023
	£000	£000
<b>Balance at 1 April</b>	<b>798</b>	<b>(1,829)</b>
Difference between Council Tax and Business Rates income is accounted for in the Comprehensive Income and Expenditure Statements and the Collection Fund.	1,725	2,627
<b>Balance as at 31 March</b>	<b>2,523</b>	<b>798</b>

#### Accumulated Absences Account

This represents the holiday pay unpaid at 31 March 2024 but included in Gross expenditure for the year.

	2023/24	2022/23
	£000	£000
Balance at 1 April	(346)	(460)
Settlement or cancellation of accrual made at the end of the preceding year	346	460
Amounts accrued at the end of the current year	(158)	(346)
<b>Balance as at 31 March</b>	<b>(158)</b>	<b>(346)</b>

## 26 Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

	2023/24	2022/23
	£000	£000
Interest received	4,283	2,398
Interest paid	(1,631)	(1,829)

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

	2023/24	2022/23
	£000	£000
Depreciation/Impairment charge	2,599	5,609
Amortisation of Intangible Assets	400	420
Revaluation of Non-Current Assets	9,244	3,934
Derecognition of Non-Current Assets	1,834	2,561
(Increase)/Decrease in Debtors	(9,586)	(9,005)
Increase/(Decrease) in Creditors	4,534	2,770
(Increase)/Decrease in Inventories	39	47
Increase/(Decrease) in Provisions	1,515	485
Movement in Pension Liability	3,277	7,332
<b>Total non-cash movements</b>	<b>13,855</b>	<b>14,153</b>

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

	2023/24	2022/23
	£000	£000
Capital Grants	(4,941)	(886)
Proceeds from the Sale of Properties	(1,313)	(2,948)
Council Tax and NNDR Adjustments	1,725	2,627
	<b>(4,529)</b>	<b>(1,207)</b>

## 27 Cash Flow Statement – Investing Activities

	2023/24	2022/23
	£000	£000
Purchase of property, plant and equipment, investment property and intangible assets	(21,497)	(7,656)
Purchase/Proceeds of short-term and long-term investments	(14,958)	11,465
Net payments/receipts for other investing activities	151	17
Other investing activity	0	60
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,935	2,849
<b>Net cash flows from investing activities</b>	<b>(33,369)</b>	<b>6,735</b>

## 28 Cash Flow Statement – Financing Activities

	2023/24	2022/23
	£000	£000
Other receipts from financing activities	4,941	886
Capital grants received	1,781	(9,207)
Cash receipts/repayments of short-term and long-term borrowing	7,110	(7,342)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	0	0
Other payments for financing activities	(1,725)	(2,627)
	<b>12,107</b>	<b>(18,290)</b>

## 29 Councillors Allowances

The allowances and expenses paid to Councillors, Independents and the Mayor is as follows:

	2023/24	2022/23
	£000	£000
Allowances	395	392
Employers' National Insurance	7	8
Expenses	4	2
<b>Total</b>	<b>406</b>	<b>402</b>



## 30 Officers' Remuneration

### Benefits payable during employment

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

2023/24	Salary, Fees & Allowances	Expenses Allowances	Compensation for Loss of Office	Pension Contributions	Total
Post Holder	£	£	£	£	£
Chief Executive	113,771	-	-	22,754	136,525
Deputy Chief Executive	94,822	-	-	18,964	113,786
Chief Officer Finance & Performance	76,109	-	-	15,222	91,331
Chief Officer Legal & Governance	76,109	-	-	15,222	91,331
Chief Officer Regulation & Safety	75,732	-	-	13,530	89,262
Chief Officer Growth & Investment	70,276	74	-	14,055	84,405
Chief Officer Communities & Homes	67,652	-	-	13,532	81,185
Chief Officer Leisure & Wellbeing	67,651	-	-	13,530	81,181
Chief Officer Operations & Traded	67,651	-	-	13,530	81,181
Chief Officer Digital and Communications (01/04/23 to 22/12/2023)	51,858	-	-	9,820	61,678
Chief Officer Digital and Communications (05/02/2024 to 31/03/2024)	10,498	-	-	2,100	12,598

2022/23	Salary, Fees, and Allowances	Expenses Allowances	Compensation for Loss of Office	Pension Contributions	Total
Post Holder	£	£	£	£	£
Chief Executive	109,925	-	-	21,655	131,580
Deputy Chief Executive	91,615	132	-	18,048	109,795
Chief Officer Finance and Performance	70,978	-	-	13,983	84,961
Chief Officer Leisure and Wellbeing	62,825	-	-	12,377	75,202
Chief Officer Growth and Investment	65,152	90	-	12,835	78,077
Chief Officer Legal and Governance	70,978	-	-	13,983	84,961
Chief Officer Communities and Homes	62,831	-	-	12,400	75,231
Chief Officer Regulation and Safety	62,825	1,830	-	12,377	75,202
Chief Officer Operations & Traded	51,482	-	-	10,142	61,624
Chief Officer Digital and Communications	62,825	116	-	12,377	75,318

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

Remuneration Band	2023/24	2022/23
	Number of employees	Number of employees
£65,000- £69,999	2	-
£60,000 - £64,999	-	1
£55,000 - £55,999	3	-
£50,000 - £54,999	11	3

### Exit Packages

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

Rugby Borough Council terminated the contracts of 6 employees in 2023/24 (8 in 2022/23), incurring liabilities of £0.082m (£0.102m in 22/23). The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table following:

Exit package cost bands (including special payments)	Number of compulsory redundancies		Number of agreed other departures		Total number of exit packages by cost band		Total cost of exit packages in each cost band	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
							£	£
£0 - £20,000	0	2	4	3	1	5	25,253	27,335
£20,001- £40,000	0	2	2	1	2	3	57,141	74,841
<b>Total</b>	<b>0</b>	<b>4</b>	<b>6</b>	<b>4</b>	<b>6</b>	<b>8</b>	<b>82,394</b>	<b>102,176</b>

### 31 Audit Fees

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

	2023/24 £000	2022/23 £000
Fees payable for external audit services	180	50
Additional fees payable for external audit services in relation to previous years	29	7
Fees payable for the certification of grant claims and returns	40	26
Additional fees payable for the certification of grant claims and returns in relation to previous years	38	-
Redmond review grant from DLUHC	(18)	(22)
Fees payable in respect of other services provided by the auditor	10	6

Additional Fees payable in respect of other services provided by the auditor in relation to previous years	6	-
<b>Total</b>	<b>285</b>	<b>67</b>

## 32 Related Party Transactions

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

### Central Government

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

### Councillors and Chief Officers

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

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

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

Senior council officers remuneration paid during 2023/24 is set out in Note 30 and Councillors allowances are stated in Note 29.

### Other Public Bodies (subject to control by Central Government)

Based on a review of transactions made by the Council in 2023/24 the following transactions were made to or received from other public bodies.

- Nuneaton and Bedworth Borough Council (NBBC) paid (£0.030m) to Rugby Borough Council to meet the shared IT officer salary costs to provide Civica APP Support and Development.

### Shared Service Arrangements

The council has the following shared service arrangements.

- Rainsbrook Crematorium
- Local Authority Emergency Planning Officer Scheme
- The HEART Partnership
- Procurement Services

### Entities Controlled or Significantly Influenced by the Authority

The Council provided financial assistance to certain voluntary and outside bodies during 2023/24; these are mainly local Government associations or local groups that the Council supports with grant aid and advice.

**Rugby First Ltd - BID Division** - An amount of £0.541m was paid to the BID Company in 2023/24. An additional £0.313m was used to provide a CCTV Monitoring and Town Centre Management Service and £0.035m for contributions to the Coventry and Warwickshire Growth Hub and Social/Sporting Activities.

**Queen's Diamond Jubilee Centre** - Rugby Borough Council funded £0.272m in capital charges in 2023/24 and received (£0.376m) for the annual contract fee and profit share as per the contract agreement.

### Other significant related parties

**Sherbourne recycling** – Sherbourne Recycling became operational in the summer of 2023 and provides a new state of the art materials recycling facility in Coventry on behalf of eight local authorities (Coventry City Council, North Warwickshire Borough Council, Nuneaton and Bedworth Borough Council, Rugby Borough Council, Stratford-on-Avon District Council, Solihull Metropolitan Borough Council, Walsall Council and Warwick District Council).

## 33 Capital Expenditure and Financing

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

### Capital commitments

At 31 March 2024, the Council had capital commitments of £Nil (31 March 2023: £Nil)

### Capital Financing Requirement (CFR)

	2023/24	2022/23
	£000	£000
<b>Opening Capital Financing Requirement</b>	<b>90,443</b>	86,879
<b>Capital Investment:</b>		
Property, Plant, and Equipment and Assets Held for Sale	21,423	7,150
Donated asset	0	60

Heritage Assets	0	238
Intangible Assets	77	267
Revenue Expenditure Funded from Capital under Statute	910	1,147
Long term loan	869	2,635
<b>Capital Investment Total</b>	<b>23,279</b>	<b>11,497</b>
<b>Sources of Financing:</b>		
Capital Receipts	(4,113)	(1,419)
Government Grants and Other Contributions	(5,784)	(1,931)
Sums Set Aside from Revenue	(6,153)	(988)
Use of Major Repairs Reserve	(2,607)	(2,183)
Minimum Revenue Provision / Voluntary Revenue Provision	(1,297)	(1,412)
<b>Financing Total</b>	<b>(19,955)</b>	<b>(7,933)</b>
<b>Closing Capital Financing Requirement</b>	<b>93,767</b>	<b>90,443</b>
<b>(Increase)/Decrease in underlying need to borrow</b>	<b>3,324</b>	<b>3,564</b>

## 34 Leases

### The Council as a Lessee

#### Finance leases

The Council has acquired the Land at Brownsover for use as a public park under a finance lease for 999 years. The asset is carried as a Community Asset in the Balance Sheet at a net value of £1 at 31 March 2024. At inception, no upfront premium was payable and the minimum lease payment of “one peppercorn” has not been charged.

#### Operating Leases

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

	31 March 2024 £000	31 March 2023 £000
Not later than one year	188	260
Later than 1 year and not later than 5 years	18	135
	<b>206</b>	<b>395</b>

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

### The Council as Lessor

#### Finance leases

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

	31 March 2024	31 March 2023
	£000	£000
Not later than one year	43	58
Later than 1 year and not later than 5 years	95	90
	138	148

### Operating leases

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

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

	31 March 2024	31 March 2023
	£000	£000
Not later than one year	107	88
Later than 1 year and not later than 5 years	293	237
Later than 5 years	2,490	1,848
	2,890	2,171

The minimum lease payments receivable does not include rents that are contingent on events taking place after the lease was entered, such as adjustments following rent reviews. In 2023/24 no contingent rents were receivable by the Council.

## 35 Defined Benefit Pension Scheme

### Pension Benefits

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

### Transactions relating to Post-Employment Benefits

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

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

	Local Government Pension Scheme		Discretionary Benefit Arrangements	
	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000
<b>Comprehensive Income and Expenditure Statement</b>				
<b>Cost of Services</b>				
• Current Service Costs	3,228	6,314	-	-
• Past Service Costs	-	-	-	-
<b>Financing and Investment Income and Expenditure</b>				
• Net Interest Expense	(366)	1,109	47	-
<b>Total Post-employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>2,862</b>	<b>7,423</b>	<b>47</b>	<b>-</b>
<b>Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement</b>				
<b>Re-measurement of the net defined benefit liability comprising:</b>				
• Actuarial (gains)/losses arising on changes in financial assumptions	6,898	12,396	18	10
• Actuarial (gains)/losses arising on changes in demographic assumptions	742	960	9	9
• Other experience	(3,966)	(360)	5	(63)
• Return on Plan Assets (excluding the amount included in the net interest expense)	4,439	7,637	-	-
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>8,113</b>	<b>20,633</b>	<b>32</b>	<b>(44)</b>
<b>Movement in Reserves Statement</b>				
• Reversal of net charges made to the Surplus or Deficit on the Provision of Services for Post-Employment Benefits in accordance with the Code	(2,862)	(7,644)	(47)	(25)
<b>Actual amount charged against the General Fund and HRA Balances for Pensions in the year:</b>				
• Employer's contributions payable to the scheme	3,443	145	-	103
• Early payment transferred to pension liability	2,664	2,664	-	78
• Retirement benefits payable to pensioners	-	-	99	-
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>3,245</b>	<b>(4,835)</b>	<b>52</b>	<b>156</b>

### Pension Assets and Liabilities Recognised in the Balance Sheet

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

	Local Government Pension Scheme		Discretionary Benefit Arrangements	
	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000
Present Value of the Defined Benefit Obligation	(121,633)	(120,557)	(948)	(1,032)
Fair Value of Plan Assets	137,930	128,160	-	-
IFRIC 14 adjustment to reduce the credit ceiling	-	(6,571)	-	-



<b>Net Liability Arising from the Defined Benefit Obligation</b>	<b>16,297</b>	<b>1,032</b>	<b>(948)</b>	<b>(1,032)</b>

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

	2023/24 £000	2022/23 £000
<b>Opening Balance at 1 April</b>	<b>128,160</b>	<b>133,311</b>
Interest Income on Plan Assets	6,070	3,550
Return on Plan Assets, excluding the amount included in the net interest expense	4,439	(5,201)
Contributions from Employer	3,443	55
Contributions from Scheme Participants	971	884
Benefits Paid	(5,153)	(4,439)
<b>Closing Balance at 31 March</b>	<b>137,930</b>	<b>128,160</b>

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

	Local Government Pension Scheme			
	2023/24 £000	2022/23 £000	2023/24 £000	2021/22 £000
<b>Opening Balance at 1 April 2023</b>	<b>(127,128)</b>	<b>(172,453)</b>	<b>(1,265)</b>	<b>(1,299)</b>
Current Service Cost	(3,047)	(6,259)	-	-
Interest cost	(5,704)	(4,723)	(47)	(25)
Contributions by Scheme Participants	(971)	(884)	-	-
<b>Re-measurement (Gain)/Loss:</b>				
• Actuarial (gains)/losses arising from changes in financial assumptions	6,898	62,490	18	10
• Actuarial (gains)/losses arising from changes in demographic assumptions	742	3,531	9	9
• Other experience	(3,966)	(6,510)	5	(63)
• Adjustment	-	(133)	133	-
IFRIC 14 adjustment to reduce the credit ceiling	(6,571)	(6,571)	-	-
Benefits Paid	5,153	4,439	99	103
Past Service Costs	(181)	(55)	-	-
<b>Closing Balance at 31 March 2024</b>	<b>(134,775)</b>	<b>(127,128)</b>	<b>(1,048)</b>	<b>(1,265)</b>

	Period Ended 31 March 2024			
	Quoted £000	Unquoted £000	Total £000	Percentage of total assets £000
<b>Asset Category</b>				
Equity Securities: Other	-	-	-	-
<b>Debt Securities</b>				
Corporate bonds (investment grade)	15,594	-	15,594	11%

Other	-	5,345	5,345	4%
Private equity	-	9,786	9,786	7%
<b>Real Estate</b>				
UK Property	10,037		10,037	7%
Overseas Property	1,382	-	1,382	1%
<b>Investment Funds and Unit trusts</b>				
Equities	78,096	-	78,096	57%
Bonds	-	-	-	-
Infrastructure	-	12,580	12,580	9%
Cash & cash equivalents	5,109	-	5,109	4%
<b>Closing Balance at 31 March</b>	<b>110,218</b>	<b>27,711</b>	<b>137,930</b>	<b>100.0%</b>

### Basis for Estimating Assets and Liabilities

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

Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the scheme fund being based on the latest full valuation of the scheme as at 31 March 2024

### The significant assumptions used by the actuary have been:

	2023/24	2022/23
<b>Mortality assumptions:</b>		
<b>Longevity at 65 for current pensioners (years):</b>		
Men	21.2	21.3
Women	23.9	24.1
<b>Longevity at 65 for future pensioners (years):</b>		
Men	21.6	21.8
Women	25.7	25.9
<b>Financial assumptions</b>		
Rate of increase in salaries	3.75%	3.95%
Rate of increase in pensions	2.75%	2.95%
Rate of discounting of scheme liabilities	4.85%	4.75%

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

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

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

Impact on the Defined Benefit Obligation in the Scheme		
	Approximate % increase to Employer Liability	Approximate Monetary Amount £000
0.1% decrease in Real Discount Rate	2%	2,223
1 year increase in member life expectancy	4%	4,903
0.1% Discount in the Salary Increase Rate	0%	78
0.1% increase in the Pension Increase Rate (CPI)	2%	2,186

### Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The county council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 18 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be undertaken as at 31 March 2025 and will be reported in 2026.

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

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

## 36 Contingent Assets and Liabilities

### Contingent Liabilities and assets

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

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

The Council has no contingent assets or liabilities at 31 March 2024.

## 37 Accounting policies

### 1. Accruals of Income and Expenditure

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

In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue in financing and investment income and expenditure for the income that might not be collected.

## 2. Cash and Cash Equivalents

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

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

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

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

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

## 4. Charges to Revenue for Non-current Assets

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

- depreciation attributable to the assets used by the relevant service.
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the revaluation reserve against which the losses can be written off.
- amortisation of intangible assets attributable to the service.

The authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement [equal to either an amount calculated on a prudent basis

determined by the authority in accordance with statutory guidance (England and Wales) or the statutory repayment of loans fund advances (Scotland)]. Depreciation, revaluation and impairment losses, and amortisation are therefore replaced by the contribution in the General Fund balance [MRP or the statutory repayment of loans fund advances], by way of an adjusting transaction with the capital adjustment account in the Movement in Reserves Statement for the difference between the two.

## 5. Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the collection fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the collection fund, billing authorities, major preceptors and central government (for NDR) share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

### Accounting for Council Tax and NDR

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

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

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

## 6. Employee Benefits

### Benefits payable during employment

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

### Termination Benefits

Termination benefits are amounts payable because of the Council's decision to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These are charged on an accruals basis to the relevant service line in the Comprehensive Income &

Expenditure Statement when the Council can no longer withdraw the offer of those benefits or when the Council recognises the costs for restructuring.

## **Pension Costs**

### Pension Benefits

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

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

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

### Recognition and Measurement

The LGPS is accounted for as a defined benefit scheme:

- The liabilities of the pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method, which is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of future earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.75% (broadly equivalent to the yield available on high quality corporate bonds with duration, consistent with the term of the liabilities).
- The fair value of the assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:
  - Market quoted investments – current bid price on the final day of the accounting period
  - Fixed interest securities – net market value based on their current yields
  - Unquoted investments – professional estimate

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

- Service Cost - comprising:
  - Current year service cost – the increase in the liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
  - Past service cost – the increases in liabilities because of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
  - Net interest on the net defined liability – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure



Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

- Remeasurements - comprising:
  - The return on plan assets – excluding amounts including in net interest on the net defined benefit liability/(asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
  - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Contributions paid to the pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

## 7. Events after the Reporting Period

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

- Those that provide evidence of conditions that existed at the end of 2023/24 – the Accounts are adjusted to reflect such events.
- Those that are indicative of conditions that arose after the 31 March 2024 – the Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made of the nature of the event and their estimated financial effect.

## 8. Financial Instruments

### Financial Liabilities

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

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

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

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



## Financial Assets

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

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

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

### Financial Assets Measured at Amortised Cost

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

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

### Expected Credit Loss Model

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

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

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

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

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

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

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

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

- Level 3 inputs – unobservable inputs for the asset.

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

## 9. Government Grants and Contributions

### Grants

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

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

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

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

### Revenue from contracts with customers

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

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

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

## 10. Heritage Assets

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

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

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

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

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

## **11. Intangible Assets**

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

## **12. Interests in Companies and Other Entities**

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

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

## **13. Inventories and Long-term Contracts**

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

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

## **14. Investment Properties**

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

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

Comprehensive Income & Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

## 15. Joint Operations

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

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

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

## 16. Leases

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

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

## 17. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or

service. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received.

## 18. Property Plant and Equipment

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

### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis provided it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as a revenue expense when it is incurred. The Council has established a de-minimis level of £10,000. Expenditure on assets under this level is not capitalised within the Accounts and the assets are fully depreciated within the year.

### **Measurement**

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

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

### **Impairment**

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

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

### **Impairment Losses**

A total of £30,000 of impairment, relating to Woodside Park, was recognised in the year following the Council's annual asset review.

### **Depreciation**

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

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

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

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

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

### **Componentisation**

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

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

### **Subsequent Expenditure on Property Plant and Equipment**



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

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

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

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

### **Disposals**

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposal are credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

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

### **Assets Held for Sale**

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

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

## **19. Provisions, Contingent Liabilities & Contingent Assets**

### **Provisions**

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



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

### **Contingent Liabilities**

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

### **Contingent Assets**

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but are disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

## **20. Reserves**

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

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

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

## **22. Value Added Tax (VAT)**

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

## 23. Fair Value Measurement of Non-Financial Assets

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

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

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

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

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

Inputs to the valuation techniques in respect of assets for which fair value is measured or disclosed in the authority's Financial statements are categorised within the fair value hierarchy, as follows:

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

## 38 Nature and Extent of Risks Arising from Financial Instruments

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

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

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

The Council manages risk in the following ways:

- **by formally adopting** the requirements of the Code of Practice.
- **by approving annually** in advance prudential and treasury indicators for the following three years limiting
  - The Council's overall borrowing
  - Its maximum and minimum exposures to fixed and variable rates
  - Its maximum and minimum exposures to the maturity structure of its debt
  - Its maximum annual exposures to investments maturing beyond a year

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

### Credit risk

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

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

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

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

### Liquidity risk

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

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

	31 March 2024	31 March 2023
	£000	£000
Less than one year	72,651	52,708
Between one and two years	-	10,119
Between two and three years	-	1,826
More than three years	-	-
<b>Total</b>	<b>71,651</b>	<b>64,653</b>

### Refinancing and Maturity Risk

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

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

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt

	Approved maximum limits	Approved minimum limits	Actual 31 March 2024	Approved maximum limits	Approved minimum limits
	%	%	£'000	£'000	%
Less than one year*	75	-	-	62,915	-
12 months to 2 years	75	-	1,009	62,915	-
Between 2 and 5 years	75	-	708	62,915	-
Between 5 and 10 years	75	-	-	62,915	-
Between 10 and 20 years	75	-	515	62,915	-
Between 20 and 30 years	75	-	512	62,915	-
Between 30 and 40 years	75	-	10,525	62,915	-
More than 40 years	75	-	70,605	62,915	-
<b>Total</b>			<b>83,874</b>		

\* Excludes short-term borrowing less than 365 days.

- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's Day to day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer-term cash flow needs

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

#### Market risk

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

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

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

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

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

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

## Transition to IFRS 9 Financial Instruments

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

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

## Statutory Override on pooled investments

The Council holds £6.0m (nominal) in pooled investment funds. As a result of the change in accounting standards for 2018/19 under IFRS 9, the Ministry for Housing, Communities and Local Government (DHLUC) agreed a temporary override to allow English Local Authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9, initially, for five years commencing from April 2018. On 5 January 2023 the Government announced that the IFRS 9 statutory override in local government will be extended for another two years until 31 March 2025. The Council uses the statutory override to account for any changes in the fair value on its pooled investments.

# Housing Revenue Account (HRA)

## Income and Expenditure Account

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

	2023/24	2022/23
	£000	£000
<b>Income</b>		
Dwelling Rents	(16,809)	(16,095)
Non-dwelling rents	(121)	(122)
Charges for services	(1,159)	(866)
Contributions towards expenditure	(159)	(150)
<b>Total Income</b>	<b>(18,248)</b>	<b>(17,233)</b>
<b>Expenditure</b>		
Repairs and maintenance	5,482	3,992
Supervision and management	5,928	5,580
Rents, rates, taxes and other charges	334	52
Depreciation and impairment of non-current assets	11,561	6,539
<b>Total Expenditure</b>	<b>23,305</b>	<b>16,163</b>
<b>Net (Income)/Expenditure or Income of HRA Services as included in the Comprehensive Income and Expenditure Statement</b>	<b>5,057</b>	<b>(1,070)</b>

HRA Share of Corporate and Democratic Core costs	318	291
<b>Net (Income)/Expenditure of HRA Services</b>	<b>5,375</b>	<b>(779)</b>
(Gain) or Loss on sale of HRA non-current assets	624	(293)
Interest payable and similar charges	1,111	1,295
Interest and investment income	(1,292)	(917)
Pension interest and expected return on pension assets	(51)	192
Capital grants and contributions receivable	(4,047)	0
Increase in Provision for Bad Debts	97	80
Other Items	-	-
<b>(Surplus)/Deficit for the year on HRA services</b>	<b>1,817</b>	<b>(422)</b>

### Movement on the HRA Statement

	2023/24	2022/23
	£000	£000
<b>HRA revenue balance brought forward</b>	<b>(4,085)</b>	<b>(4,294)</b>
(Surplus) or Deficit for the year on the HRA Income and Expenditure Account	1,817	(422)
Adjustments between accounting basis and funding basis under statute	(5,389)	(3,007)
<b>Net (increase) or decrease before transfers to or from reserves</b>	<b>(3,572)</b>	<b>(3,429)</b>
Transfers to or (from) earmarked reserves	3,572	3,638
<b>(Increase) or decrease in the HRA Revenue Balance</b>	<b>-</b>	<b>209</b>
<b>HRA revenue balance carried forward</b>	<b>(4,085)</b>	<b>(4,085)</b>

### Note to the Movement on the HRA Statement

	2023/24	2022/23
	£000	£000
<b>Adjustments between accounting basis and funding basis under statute</b>		
Depreciation of non-current assets	(3,241)	(3,182)
Revaluation movements and impairment on non-current assets, charged to the Comprehensive Income and Expenditure Statement	(8,156)	(3,172)
Amortisation of intangible assets	(163)	(183)
Amounts of non-current assets written off on disposal or sale	(1,763)	(2,517)
Sale proceeds credited as part of the gain/loss on disposal	1,001	2,809
Transfer to Accumulated Absences account	32	4
Capital expenditure financed from revenue balances	-	832
Capital grants and contributions applied	4,047	-
Transfer of Unattached Receipts to the Capital Receipts Reserve	138	-

Net charges made for retirement benefits (IAS 19)	(524)	(779)
Reversal of Major Repairs Allowance credited to the HRA	3,241	3,182
Statutory provision for the financing of capital investment	-	-
	<b>(5,389)</b>	<b>(3,006)</b>

<b>Transfers to or (from) earmarked reserves</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
Transfer to or (from) Housing Repairs Account	16	49
Transfer to or (from) HRA Capital Investment balances	3,423	(93)
Transfer to or (from) HRA Climate change reserve	-	976
Transfer to or (from) Major Repairs	107	256
Transfer to or (from) other earmarked reserves	26	2,422
	<b>3,572</b>	<b>3,610</b>

## Note 1 HRA Assets

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

	<b>2023/24</b>	<b>2022/23</b>
Houses/Bungalows (including part-ownerships)	2,123	2,117
Flats	1,339	1,536
	<b>3,462</b>	<b>3,653</b>

The change in the stock was as follows:

	<b>2023/24</b>	<b>2022/23</b>
<b>Stock at 1 April</b>	<b>3,653</b>	<b>3,676</b>
Less sales (including part-ownership)	(9)	(25)
Less removal from stock	(220)	-
Add: new build properties	-	-
Add: purchase of properties	38	2
Stock at 31 March	<b>3,462</b>	<b>3,653</b>



The balance sheet includes HRA assets as detailed below.

	2023/24	2022/23
	£000	£000
<b>Balance Sheet values as at 31 March</b>		
Operational Assets: Dwellings	198,072	198,042
Operational Assets: Other Land and Buildings	288	288
Operational Assets: Equipment	646	658
Operational Assets: Infrastructure	780	830
Non-Operational Assets	903	903
Assets Under Construction	4,251	410
	<b>204,940</b>	<b>201,131</b>

## Note 2. Vacant Possession

	2023/24	2022/23
	£000	£000
Vacant Possession Value of Dwellings as at March 2024	484,478	482,010
Balance Sheet Value of Dwellings	(198,073)	(192,804)
<b>Economic cost to Government</b>	<b>286,405</b>	<b>289,206</b>

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

## Note 3. Major Repairs Reserve

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

	2023/24	2022/23
	£000	£000
<b>Balance at 1 April</b>	<b>(5,061)</b>	<b>(3,805)</b>
Amount transferred to Major Repair Reserve during the year	(3,241)	(3,183)

Appropriations to or (from) HRA Revenue	(107)	(256)
Capital financing	2,607	2,183
Balance at 31 March	(5,802)	(5,061)

#### Note 4. Housing Repairs Account

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

	2023/24	2022/23
	£000	£000
<b>Balance at 1 April</b>	-	(92)
Contributions during the year	(4,789)	(3,899)
Repairs and maintenance charged	4,789	3,991
<b>Balance at 31 March</b>	-	-

#### Note 5(i). HRA Capital Expenditure and Financing

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

	2023/24	2022/23
	£000	£000
<b>Expenditure:</b>		
Council dwellings	13,469	5,400
Other assets	97	0
Housing Management Systems	0	82
Other expenditure	4,252	231
<b>Subtotal:</b>	<b>17,818</b>	<b>5,713</b>
<b>Financed by:</b>		
Direct Revenue Finance	(5,461)	(832)
Government Grant	(4,047)	(209)
Right to Buy Receipts	(1,866)	(207)
Major Repairs Reserve	(2,607)	(2,183)
Capital Reserves	(429)	0
Borrowing	(3,408)	(2,282)
<b>Subtotal:</b>	<b>(17,818)</b>	<b>(5,713)</b>

## Note 5(ii). HRA Capital Receipts

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

	2023/24	2022/23
	£000	£000
Sales of Council Houses under Right to Buy (RTB)	(1,001)	(2,810)
RTB Discounts repaid	0	0
Sale of miscellaneous HRA land	(138)	0
	<b>(1,139)</b>	<b>(2,810)</b>

## Note 6. Depreciation of Property Plant and Equipment

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

	2023/24	2022/23
	£000	£000
<b>Operational Assets</b>		
Dwellings, other land, buildings	(3,097)	(3,038)
Equipment	(106)	(106)
Non-operational assets	(37)	(37)
	<b>(3,240)</b>	<b>(3,181)</b>

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

## Note 7. Contribution to/from Pensions Reserve

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

## Note 8. Tenant Arrears

During 2023/24 rent arrears as a proportion of gross rental income have changed from 6.98% of the amount due to 6.26%. The figures, excluding service charges and debts of up to three weeks are as follows:

	2023/24	2022/23
	£000	£000
Arrears of current tenants (not including current weeks)	425	632
Arrears of former tenants	620	492
<b>Total tenants' arrears at 31 March</b>	<b>1,045</b>	<b>1,124</b>

## Bad Debts

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

	2023/24	2022/23
	£000	£000
<b>Balance at 1 April</b>	<b>(555)</b>	<b>(482)</b>
Write off/Write on	7	0
Provision made in the year	(97)	(73)
<b>Balance as at 31 March</b>	<b>(645)</b>	<b>(555)</b>

## Collection Fund Statement

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

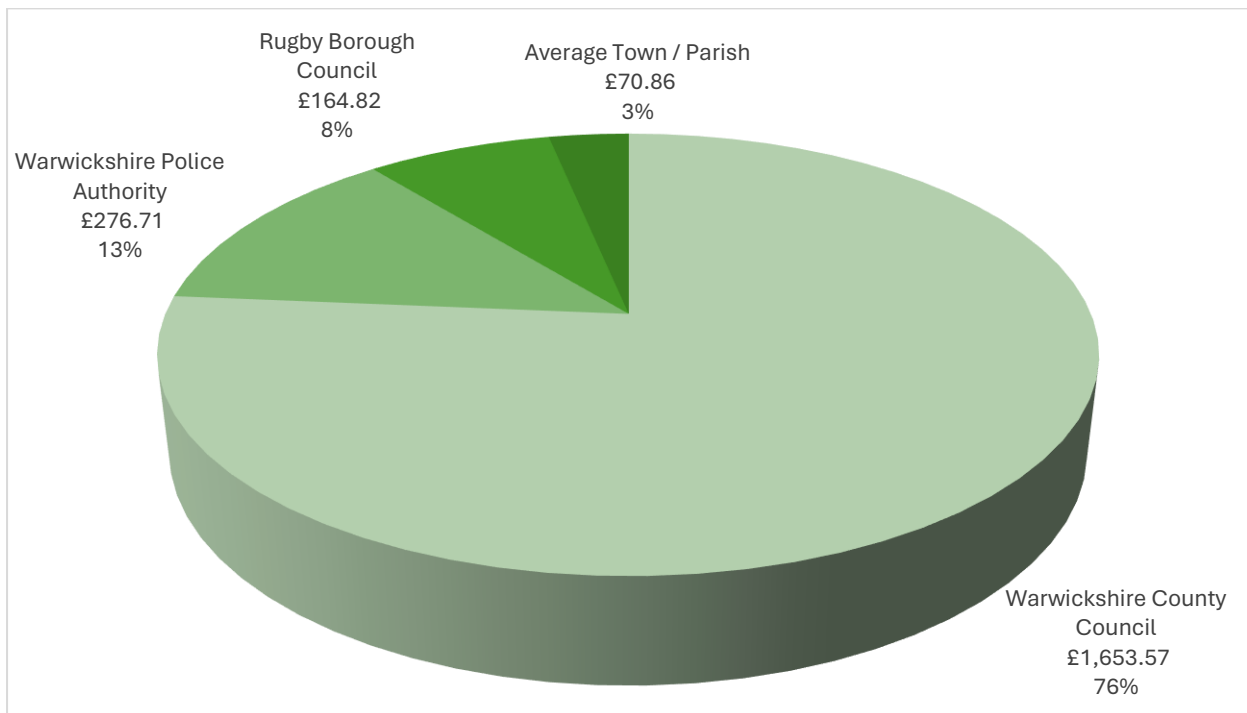
	2023/24			2022/23
	Business Rates	Council Tax	Total	Total
	£000	£000	£000	£000
<b>INCOME</b>				
Council Tax Receivable	-	(88,042)	(88,042)	(83,351)
Business Rates Receivable	(59,248)	-	(59,248)	(52,070)
Transitional Protection Payments Receivable	-	-	-	-
Reconciliation Adjustments	-	-	-	-
	<b>(59,248)</b>	<b>(88,042)</b>	<b>(147,290)</b>	<b>(135,421)</b>
<b>Contribution to Previous Year Estimated Deficit</b>				
Central Government	(853)	-	(853)	-
Warwickshire County Council	(171)	-	(171)	-
Rugby Borough Council	(682)	-	(682)	-
Police and Crime Commissioner for Warwickshire	-	-	-	-
	<b>(1,706)</b>	<b>-</b>	<b>(1,706)</b>	<b>-</b>
<b>Total Income</b>	<b>(60,954)</b>	<b>(88,042)</b>	<b>(148,996)</b>	<b>(135,421)</b>
<b>EXPENDITURE</b>				
Transitional Protection Payments	-	-	-	260
<b>Distribution of Previous Year Estimated Surplus</b>				
Central Government	-	-	-	2,314
Warwickshire County Council	-	487	487	1,175

Rugby Borough Council	-	70	70	1,954
Police and Crime Commissioner for Warwickshire	-	81	81	118
	-	<b>638</b>	<b>638</b>	<b>5,561</b>
<b>Precepts, Demands and Shares</b>				
Central Government	31,039	-	31,039	26,100
Warwickshire County Council	6,208	66,862	73,070	68,038
Rugby Borough Council	24,831	9,530	34,361	29,904
Police and Crime Commissioner for Warwickshire	-	11,189	11,189	10,373
	<b>62,078</b>	<b>87,581</b>	<b>149,659</b>	<b>134,415</b>
<b>Charges to Collection Fund</b>				
Write offs of uncollectible amounts	(109)	-	(109)	(48)
Less: Increase / (Decrease) in Bad Debt Provision	105	315	420	353
Less: Increase / (Decrease) in Provision for Appeals	6,616	-	6,616	3,253
Appeals and List Alterations	(3,830)	-	(3,830)	(2,129)
Cost of Collection Allowance	137	-	137	133
Disregarded Amounts	22	-	22	126
	<b>2,941</b>	<b>315</b>	<b>3,256</b>	<b>1,688</b>
<b>Total Expenditure</b>	<b>65,019</b>	<b>88,534</b>	<b>153,553</b>	<b>141,924</b>
<b>Movement on Fund</b>				
(Surplus)/ Deficit arising during the year	4,065	491	4,556	6,503
(Surplus)/ Deficit arising at 1 April	2,280	(629)	1,651	(4,852)
<b>(Surplus)/ Deficit arising at 31 March</b>	<b>6,345</b>	<b>(138)</b>	<b>6,207</b>	<b>1,651</b>

## Notes to the Collection Fund Statement

### Note 1. Council Tax

The Council is required to calculate a tax base each year and this is divided into the total precept requirement for Warwickshire County Council, the Police and Crime Commissioner for Warwickshire and the Borough Council to produce the average band D council tax figure of £2,165.97 for 2023/24.



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

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

Band	No. of Chargeable Dwellings	Ratio	Band D Equivalent
A-	7.73	5/9	4.29
A	6,422.26	6/9	4281.51
B	9,285.03	7/9	7221.69
C	10,272.42	8/9	9131.04
D	6,547.60	9/9	6547.60
E	4,889.12	11/9	5975.59
F	3,220.32	13/9	4651.57
G	1,752.37	15/9	2920.62
H	71.54	18/9	143.08
			<b>40,877.00</b>
		Less allowance for non-collection	(572.25)
		Contributions in lieu (MOD properties)	129.90
		<b>COUNCIL TAX BASE 2023/24</b>	<b>40,434.65</b>

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

The tax base multiplied by the average band D council tax of £2,165.97 provided an original estimate of income of £87.580m for 2023/24. The actual income for 2023/24 was £88.042m thus above expectations by 0.53%.

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

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

The Council collects non-domestic rates for its area, based on local rateable values multiplied by a national rate. The total rateable value for the Rugby Borough area was £129.032m at 31 March 2024 (£129.362m in 2022/23). The non-domestic rating multiplier for 2023/24 was 51.2p (51.2p in 2022/23) and the small business non-domestic rating multiplier was 49.9p (49.9p in 2022/23).

## Note 3. Collection Fund Balance Apportionment

The net deficit on the Collection Fund as at 31 March 2024 of £6.205m will be split between the authorities and recovered in 2024/25 in the following proportions:

	2023/24			2022/23
	Business Rates £000	Council Tax £000	Total £000	Total £000
Central Government	3,172	0	3,172	1,140
Warwickshire County Council	634	(106)	528	(253)
Police and Crime Commissioner for Warwickshire	0	(18)	(18)	(80)
Rugby Borough Council	2,538	(15)	2,523	843
	<b>6,344</b>	<b>(139)</b>	<b>6,205</b>	<b>1,650</b>

The Balance Sheet as at 31 March 2024 will include a net creditor/debtor for each of the precepting authorities' share of the Collection Fund (surplus)/deficit.

The Council's share of the net deficit on the Collection Fund of £2.523m (2022/23 £0.843m) is recognised in the Comprehensive Income and Expenditure Statement in 2023/24 but reversed out to the Collection Fund Adjustment Account in the Movement in Reserves Statement.

## Note 4. Collection Fund Adjustment Account

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



	2023/24			2022/23
	Business Rates	Council Tax	Total	Total
	£000	£000	£000	£000
<b>Balance at 1 April</b>	<b>867</b>	<b>(69)</b>	<b>798</b>	<b>(1,829)</b>
Amount by which income credited to the Comprehensive Income and Expenditure Statement is different from income calculated for the year in accordance with statutory requirements.	1,671	54	1,725	2,626
<b>Balance at 31 March 2023</b>	<b>2,538</b>	<b>(15)</b>	<b>2,523</b>	<b>798</b>

## Note 5. Coventry and Warwickshire Business Rates Pool

The Council has been part of the Coventry and Warwickshire Business Rates Pool since the introduction of the Business Rates Retention scheme in 2013/14. The outturn performance of the Pool between 2013/14 – 2023/24 had resulted in an accumulated Safety Net Reserve balance of £2.035m of which the Council's share was £0.627m.

# **ANNUAL GOVERNANCE STATEMENT**

**2023 / 2024**

**RIGHT FOR RUGBY**

# Annual Governance Statement 2023/24

## **1. SCOPE OF RESPONSIBILITY**

- 1.1 Rugby Borough Council is responsible for ensuring that it conducts its business in accordance with the law and proper standards. Public money must be used economically, efficiently and effectively, safeguarded and properly accounted for. The Council must have in place proper governance arrangements and carry out its functions effectively, including suitable risk management arrangements.
- 1.2 The Council must conduct a review, at least once a year, of the effectiveness of its system of internal control and report the findings in an annual governance statement (AGS). The statement must be prepared in accordance with proper practices and be reported to a Committee of Councillors. This document comprises the Council's AGS for 2023/24. This year's statement shows the governance framework has again been maintained and enhanced during the year. Sound governance helps the Council deliver on its corporate strategy, specifically the objective to "maintain robust systems of governance that ensure fairness, accountability and transparency".

## **2. WHO IS RESPONSIBLE FOR ENSURING GOOD GOVERNANCE?**

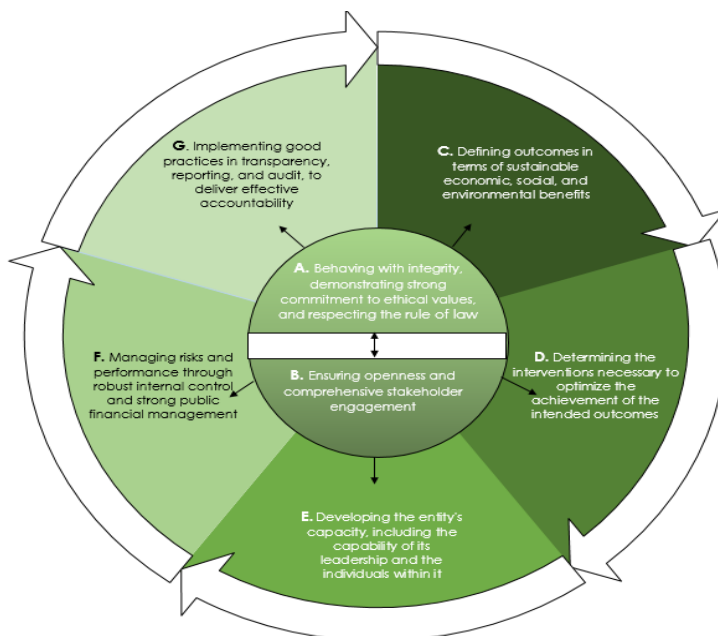
- 2.1 The Council's governance arrangements are overseen by the Audit & Ethics Committee. The Chief Executive has overall responsibility for ensuring that effective controls and processes are implemented across the Council, and these are regularly reviewed and updated. Regular reports are submitted to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

## **3. WHAT THIS STATEMENT TELLS YOU**

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

## 4. THE PRINCIPLES OF GOOD GOVERNANCE

- 4.1 The principles of good governance are set out in the CIPFA Framework for Delivering Good Governance in Local Government 2016. The framework positions the attainment of sustainable economic, societal, and environmental outcomes as a key focus of governance processes and structures. This statement explains how the Council has complied with the framework and meets the requirements of the Accounts and Audit Regulations 2015 (England).
- 4.2 Good governance is dynamic, and the Council is committed to improving its governance on a continuing basis through a process of evaluation and review. The diagram below, taken from the International Framework for Good Governance in the Public Sector, illustrates the various principles of good governance in the public sector and how they relate to each other. At Rugby Borough Council, sound governance is embedded as a priority in the corporate strategy.



*Principles A and B permeate implementation of principles C to G*

## 5. THE GOVERNANCE FRAMEWORK

- 5.1 The governance framework comprises the policies, plans, systems, processes, culture and values (the system of 'internal control') that the Council has in place to ensure its intended outcomes for stakeholders and the community are defined and delivered. To deliver good governance objectives must be achieved whilst also acting in the public interest. The framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

- 5.2 Our system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. However, 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.

## 6. Key Elements of the governance framework and an assessment of its effectiveness for 2023/24

- 6.1 The Council has an overarching vision for the Borough: To lead and support Rugby Borough and its communities: developing a strong and sustainable economy that supports improved standards of living for residents; promoting thriving and healthy communities; and maintaining an attractive and sustainable environment that residents value.
- 6.2 We will do this by:
- Having a vision and a plan for the future of our Borough
  - Engaging with customers to continually improve our services
  - Meeting the needs of our residents, businesses, and other key stakeholders
  - Strengthening our relationships with partners
  - Operating in a business-like, commercially focused way
  - Having a skilled, high performing workforce
  - Making the best use of technology
  - Ensuring our services are well planned and efficient.
- 6.3 We also believe that success is achieved not just by 'what we do,' but by the 'way we do it'.
- Having staff who demonstrate the right behaviours for our organisation is just as important as having the right skills, experience, and knowledge for our roles.
  - Defining and demonstrating those behaviours is essential if we are to deliver on our mission of 'Supporting Communities, Improving Lives.'
  - 'Our 'Way We Work' framework is based on our core values: Fairness, Ambition and Empowerment.
- 6.4 The following table provides detail of how the Council can demonstrate compliance with the principles of Good Governance in accordance with the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016) and its seven principles:
- *Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law.*
  - *Principle B – Ensuring openness and comprehensive stakeholder engagement.*
  - *Principle C – Defining outcomes in terms of sustainable economic, social, and environmental benefits.*
  - *Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes.*
  - *Principle E – Developing the entity's capacity, including the capability of its leadership and the individuals within it.*
  - *Principle F – Managing risks and performance through robust internal control and strong public financial management.*

- *Principle G – Implementing good practices in transparency, reporting, and audit to deliver.*

**Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law.**

Rationale: Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved

- The roles and responsibilities of our Councillors and staff and the processes we use to govern Council business are defined in the Council's Constitution and our Internal Constitution. These sets out how we operate and how we make decisions.
- We have codes of conduct in place for Councillors and staff to make sure that public business is conducted with fairness and integrity and that we define high ethical values and the standards of behaviour we expect.
- We maintain and publish a register of interests to ensure that any conflict of interest remains open and transparent, and a register of gifts and hospitality for Councillors is maintained by the Monitoring Officer.
- We have financial instructions and regulations to ensure propriety of funds.
- And we maintain a staff register of gifts and hospitality which was reviewed in March 2024.
- The Local Authorities (Members allowances) Regulations 2003 require that every authority publicises, within its
- area, the sum paid by it in that year under the scheme to each Councillor and co-opted member in respect of basic allowance, special responsibility allowance, travelling and subsistence allowance; we comply with this requirement.
- We have Corporate CANDO values and behaviours framework in place which all employees are expected to act in accordance with as well as a blueprint that's sets out our values.
- Corporate Strategy Delivery Plan and Commercial Pillars are in place, supported by Service Plans.
- We have Confidential Reporting Code, Counter Fraud, Bribery and Corruption Strategy and Fraud Response Plan.
- We respond to Freedom of Information requests and Subject Access requests within the statutory timeframes and adhere to data protection legislation
- We have a Performance dashboard that details our activity and key statistics which demonstrates our compliance with our principles.
- Our procurement framework ensures that we comply with those principles when commissioning any new contracts or purchases.

**Core Principle B: Ensuring openness and comprehensive stakeholder engagement**

Rationale: Local government is run for the public; good organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders.

- Our Council, meetings are open for members of the public to attend and cabinet, council, planning committee and scrutiny are live streamed with recordings retained on the Council's website.
- Our committee agendas, minutes, and decisions, (including Cabinet decisions) are made publicly available on the Council's website to ensure transparency and openness. All our public meetings are also held in the Town Hall.
- A limited number of reports are considered in private session only when the subject meets the prescribed criteria. A summary of these is published and the rationale for non-disclosure made available.
- Councillors are appointed to outside bodies which are external organisations, including formal or informal partnerships, to which the Borough Council is a party, which have requested that the Council appoint an Elected Councillor or a representative to them or to which the Council expects to make appointments.
- The draft budget and statement of accounts are published for public scrutiny.
- We communicate our work, purpose, aims and vision regularly through several different communications channels.
- We publish and regularly update a range of content and open data on our Freedom of Information, Publication Scheme and Transparency Code pages on our website.
- We undertake and publish resident and tenant surveys and take actions to address concerns.
- We carry out consultations with our residents when appropriate for example on the Local Plan.
- We involve our stakeholders, including partners and businesses as far as possible.
- We publish a contracts register on a quarterly basis and are currently reviewing the procurement strategy.
- We publish a range of information including financial and procurement data, invitations to tender, senior officer salaries, the contracts register, annual governance statement and financial statements, corporate performance information, planning applications and decisions, delegated decisions and section 106 agreements.

**Core Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits.**

Rationale: The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources

- A Corporate Strategy is in place covering the period 2021-2024, supported by more detailed strategies such as Climate, Town Centre and Housing.
- Performance data is reported to Cabinet and the Leadership Team and is reviewed by the Management Team.



- Council receives reports for performance monitoring which includes dashboard monitoring of KPIs, key statistics and operational performance measures.
- The templates for Council and Committee reports includes specific paragraphs detailing the implications the decision being recommended has on finances, equalities and diversity and climate change and environment and risks.
- We use Equality Impact Assessments and Environmental Impact Assessments to inform member when making decisions.
- The Council consults widely on its proposals considering the economic, social, and environmental impacts of plans, policies, and decisions.
- There is a vision for Rugby Town Centre, including a regeneration strategy and action plan to deliver the strategy.
- There is a Climate Emergency Working Group that reviews the councils activities and progress towards Environmental targets.
- All planning and development decisions are considered openly and transparently in terms of their economic, social, and environmental benefits and impacts in accordance with National Planning Policy Framework and are published on the Council's website. There is a Planning Services Working Party that monitors such activity.
- The Council is now a Carbon Literate Organisation and will be rolling out carbon literacy to the organisation.

#### **Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes**

Rationale: Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action).

Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved.

- We have an Internal Constitution that sets out the roles and responsibilities of officers.
- We produce a Medium-Term Financial Plan (MTFP) annually, considering known issues and applying a number of assumptions to the Council's finances. The MTFP provides, on a rolling basis, a projection of the Council's finances.
- We produce a 3 year rolling medium term financial strategy which demonstrates the steps we are taking to ensure financial sustainability
- We manage performance through published local and management performance indicators; this enables intervention to be targeted where it is needed.
- The Leadership Team hold an assurance meeting each month to receive assurances in respect of finance, risk, HR, Health & Safety and governance along with dashboards and data to evidence the levels of assurance.
- There are eight distinct service areas each with a Chief Officer, and dedicated member portfolio holders aligned with these service areas.
- The Corporate Strategy Delivery Plan and service plans are designed to ensure that the Council targets the actions necessary to deliver the Corporate Strategy.
- We have Programme Board that receives and scrutinises progress against projects.
- We continue to review and update our corporate policies on our website.
- There is a Forward Plan of key decisions and scrutiny committee arrangements in place.
- An annual budget report, and rent setting report, are submitted and there is an established budget setting and monitoring process, which the Council looks to improve year on year, with greater focus on ownership and accountability.

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

Rationale: Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve intended outcomes within the specified periods.

- The designated role of Head of Paid Service is accountable to the Council for all aspects of management including sound governance, providing quality information/support to inform decision making and scrutiny, supporting other statutory officers and building relationships with all Councillors. The Chief Executive is designated as Head of Paid Service.
- The Constitution sets out roles and responsibilities and the Council's decision-making process. An approved scheme of delegation is in place, updated in December 2021.
- There is an Internal Constitution sets out responsibilities and expectations for staff.
- Regular monitoring and management of the Council's performance, including financial performance is key to ensuring delivery against strategic objectives set out in the Council's corporate plan.
- Member training and development programme in place, including dedicated training for planning and licensing committee members. The Council also has a new formulated Learning & Development Policy which supports the overall development of all Councillors.
- Thorough induction processes are in place for all new employees and members, linked to the corporate values.
- We have extended people management training and support with additional resources to meet the forthcoming People Strategy.
- We encourage staff to continue their professional development including paying membership fees.
- We have a robust programme of 1-2-1 in place and a revised PDP process being introduced.
- Each Service has structured team meeting along with annual service plans for delivery targets.
- Performance Indicators are reviewed monthly by Leadership team and Cabinet Members are provided with quarterly and annual performance reports
- The Leadership Team continues to work collaboratively and provide cohesive leadership which aims to clarify accountability and responsibility.
- More empowerment is encouraged, and decision making is made at the right level promoting more clarity of how this happens and creates a senior structure that aligns specialisms more closely with our Corporate Plan.
- The management team meet monthly and have delegated authority to take responsibility for issues that arise at operational levels.
- Protocol in place setting out the relationship between and roles of members and officers.
- Each member of the leadership and management team undertakes professional development appropriate to their role.

## **Core Principle F: Managing risks and performance through robust internal control and strong public financial management**

Rationale: Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes.

- We have a Risk management strategy, that is updated annually along with Strategic and operational risk registers which are aligned with the corporate strategy.
- The Strategy is reviewed annually while the risk registers are updated at least quarterly.
- The process for risk management has been revised and put into a standard risk registers for operational and corporate risk register along with dashboards for each.
- The Leadership Team, Audit & Ethics Committee, Cabinet, Strategic Risk Management Group, Health & Safety Committee and Information Governance Group all oversee the risk management arrangements.
- Senior Managers are responsible for maintaining operational risk registers and for Uplifting matters for inclusion on the Corporate Risk Register.
- The Leadership Team hold an assurance meeting each month to receive assurances in respect of performance against key targets including finance, risk, HR, Health & Safety and governance along with dashboards and data to evidence the levels of performance.
- Our Chief Financial Officer (Section 151 officer) is responsible for the proper administration of all aspects of the Council's financial affairs including ensuring appropriate advice is given to the Council on all financial matters.
- There is regular financial monitoring and quarterly reports are produced for presentation to the Finance and Performance Committee and Cabinet.
- We have Finance Business Partners for each service, who ensure that the accounting records are correct and understood through regular meetings and reports.
- The budget preparation is overseen by the budget working group
- A regular risk assessment of the Council's financial reserves and balances is conducted. Key risks are identified, and potential financial impacts are quantified. Reserves are reviewed annually in the context of the risk assessments.
- The Audit and Ethics oversee the arrangements for internal audit reviewing the Council's internal audit plan, risk management arrangements and ensure effective relationships between internal and external audit. The Committee also receives and considers the work of external audit and approves our governance and assurance statements, statement of accounts, and anti- fraud and anti-corruption arrangements.
- We continually review the effectiveness of our complaints and compliments procedure including the outcome from complaints referred to the Local Government and Social Care Ombudsman to identify lessons learnt and take appropriate action.
- We ensure effective anti-fraud and corruption arrangements are in place, with a Counter fraud strategy, fraud response plan and confidential reporting code in place.
- The Council has a track record of producing and publishing its accounts on time. External audits are also completed on time.

## **Core Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

Rationale: Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner.

- A range of information is published including an annual report of internal audit, the financial statements, the annual report of the external auditor and this annual governance statement, which contains an action plan demonstrating a commitment to continuous improvement.
- Details of delegated decisions taken by officers are published on the website.
- The views of Internal and external audit are reported regularly to the Audit and Ethics Committee.
- The Chief Internal Auditor's (Corporate Assurance Manager) Annual Internal Audit Report and Opinion forms part of the review of effectiveness along with the Annual Governance Statement.
- In accordance with the Local Government Transparency Code there is an open data section on the Council's website which includes details of senior officer salaries
- Our Freedom of Information (FOI) and Environmental Information Regulation (EIR) processes are regularly updated to comply with the Information Commissioners Office (ICO) guidelines.
- We continue to embed UK GDPR requirements and monitor the effectiveness of this legislation which has led to a reduction in reports of data breaches.
- The Corporate Assurance Manager is provided with direct unfettered access to the Chief Executive, and Chair and Vice Chairs of the Audit & Ethics Committee.
- The Council submits itself to external peer reviews including by the Local Government Association and has welcomed an equalities and diversity peer review and challenge.

## **7. REVIEW OF EFFECTIVENESS**

- 7.1 The Council reviews the effectiveness of its governance framework regularly to ensure the arrangements are effective now and remain fit for purpose for the future. This is driven by the Leadership teams, the Chief Officers, Internal Audit, External Auditors, and other external review agencies. Proportionate oversight and governance arrangements have been put in place for arm's length bodies.
- 7.2 The Council also undertakes annually, a review of the effectiveness of its governance framework, including the system of internal control. The Council has developed a methodology for reviewing its governance framework and producing this Annual Governance Statement. This methodology accords with proper practice and is co-ordinated by the Chief Officer ( Governance and Legal), Section 151 Officers and the Corporate Assurance Manager.
- 7.3 The outcomes of the review are considered by the Chief Executive with support from the relevant statutory officers, Audit & Ethics Committee and Governance (who approve the final Statement). Once approved, the Annual Governance Statement is published alongside the Statement of Accounts.

## OTHER SOURCES OF ASSURANCE

### 8 COMMITTEES

- 8.1 The cabinet and full council meet quarterly and receive reports and recommendations from other committees, sub-committees, groups and officers. All papers include statements covering risk and impacts of the proposals or report.
- 8.2 The other committees and Groups include
- Scrutiny Committee set up in line with the Local Government Act 2000 which meets and reviews proposals and decisions.
  - Audit & Ethics committee reviews the Internal audit reports and activities, risk management and final accounts,
  - Planning Committee reviews applications and approvals are required
  - Licensing and Safety Committee reviews license fees, applications and withdrawals, Safety issues and actions.

### 9 LEADERSHIP & MANAGEMENT TEAM

The leadership team receive assurance reports from Finance, HR, risk,, health & safety and communications with reports also going to Management Team. This ensures that ongoing assurance is maintained.

### 10 INTERNAL AUDIT ASSURANCE OPINION

- 10.1 Internal Audit is responsible for objectively assessing the adequacy of governance and the management of risk and providing an objective and evidenced based opinion on governance, risk management and internal control.
- 10.2 The following opinion is based on the audit activity undertaken during 2023/24. The Chief Internal Auditor is satisfied that sufficient assurance work has been carried out to allow the formation of a reasonable conclusion on the adequacy and effectiveness the Council's internal control environment.
- 10.3 The Chief Internal Auditor confirms that the Council's framework of governance, risk management and control is **substantial** in most areas.

### 11 SUMMARY, CONCLUSION AND CERTIFICATION

- 11.1 Good governance is about running things properly. It is the means by which the Council shows it is taking decisions for the good of the people in the area, in a fair, equitable and open way. It also requires standards of behaviour that support good decision making – collective and individual integrity, openness, and honesty. It is the foundation for the delivery of good quality services that meet all local people's needs. It is fundamental to showing public money is well spent. Without good governance the Council will struggle to deliver the outcomes set out in the corporate strategy.
- 11.2 Rugby Borough Council has put in place strong governance arrangements, which we are confident protect its interests and provide necessary assurances to our

customers and stakeholders. We intend over the coming year to further strengthen our governance arrangements by addressing Internal Audit recommendations and the matters identified and noted in this Annual Governance Statement. Governance arrangements will continue to be monitored by the Executive Head of Governance.

- 11.3 This statement has been considered by the Audit & Ethics Committee, which was satisfied that it is an accurate reflection of the governance framework and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.
- 11.4 This year's statement shows the governance framework has been maintained and in a number of areas improved during the year. The Council is satisfied that its overall governance framework provides a substantial level of assurance of effectiveness, although several further development areas have been highlighted. Delivery of these activities will be monitored during 2024/25 as they progress, and an action plan is attached.
- 11.5 Our overall assessment is that the Annual Governance Statement is a balanced reflection of the governance environment and that an adequate framework exists within the Council to ensure an effective internal control environment is maintained. We are also satisfied that there are appropriate plans in place to address any significant governance issues and will monitor their implementation and operation.

**Mannie Ketley – Chief Executive**

Date:

**Councillor - Leader of Rugby Borough Council**

Date:



## 12 PROGRESS ON DELIVERY OF LAST YEAR'S ACTION PLAN

	Action	Lead officer	Target date	Current Status	Revised Target Date
1	Develop and implement the Anti-Fraud, Bribery and Corruption Action Plan.	Corporate Assurance Manager	31/03/2024	The revised Anti-fraud, Bribery and Corruption Strategy was approved by the Audit & Ethics Committee in June 2023 and the most appropriate training is being considered for each level of management and staffing.	30/06/2024
2	Implement the Action Plan arising from the internal audit review of Data Protection and Records Management.	Management Team	31/03/2024	The Information Governance Group has taken on responsibility for all data management issues. A Data Retention and Disposal Policy has been compiled and is waiting final approval through LT. A template has been issued to managers to identify and classify all data held.	31/06//2024
3	Implement the Action Plan arising from the whistleblowing investigation.	Chief Officer Finance & Performance	31/12/2023	The finance team are now carrying out regular checks on payments as well as enforcing the procurement rules and requirements.	Completed
4	Complete the planned work to further embed the performance management methodology across the Council.	Chief Officer Finance & Performance	31/03/2024	The performance indicators have been revised and have been categorised as KPIs, key statistics and operational measures. A power BI dashboard has been introduced and the details are reported within the quarterly finance and performance report to Cabinet.	31/06/2024
5	Implement the revised CIPFA Financial Management Code Action Plan.	Chief Officer Finance & Performance	31/12/2023	Largely complete and will be fully implemented at year end	31/04/2024



6	Complete the review and update of Operational Risk Registers, ensuring that Service Managers effectively manage the risks in their area of responsibility.	Chief Officer Finance & Performance	31/03/2024	<p>The operational risk registers have been moved from the RPMS system to a new spreadsheet template.</p> <p>The corporate and strategic risk registers have also been reviewed and transferred onto the same format.</p> <p>A dashboard has been compiled that identifies the high level risks with no activity or overdue revisions.</p> <p>This provides evidence of how risks are being managed along with overall level of exposure.</p> <p>Training is being provided for member and officers.</p>	Completed
7	Implement the new Quality Assurance and Improvement Plan for the Internal Audit service.	Corporate Assurance Manager	31/03/2024	There has been progress in refining the audit methodology and a greater use of operational risks in developing the Terms of Reference and scopes of the reviews.	Completed

## 12, THIS YEAR'S ACTION PLAN

	Action	Lead officer	Target date	Current Status	Revised Target Date
1.	Provide training for new members in respect of governance, fraud and risk management.	CO Finance & Performance	31/07//2024		
2	Review and enhance the suite of KPIs used for monitoring activity.	Leadership Team /Corporate Assurance Manager	31/09/2024		
3	Further develop the Dashboards used for reporting KPIs	CO Finance & Performance	30/062024		
4	Further involve MT in the review of dashboards and KPIs.	CO Finance & Performance	30/06/2024		
5.	Include service managers in LT Assurance meetings to explain any issues or concerns with performance,	Leadership Team	30/06/2024		
6	Consider reporting methods and look to introduce a scorecard or similar approach to performance monitoring.	CO Finance & Performance	31/12/2024		
7	Provide training and support for members and	CO Finance & Performance/	31/09/2024		

	officers in respect of risk management awareness and application.	Corporate Assurance Manager			
8	Develop and use risk registers to identify issues and concerns.	Leadership Team	31/09/2024		
9	Add these actions to the Corporate Strategy Delivery Plan which will be then monitored through Programme Board	Leadership team	All year		